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FINANCIAL TIMES

No. 26,950

Thursday April 22 1976

**10p

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SCOTLAND

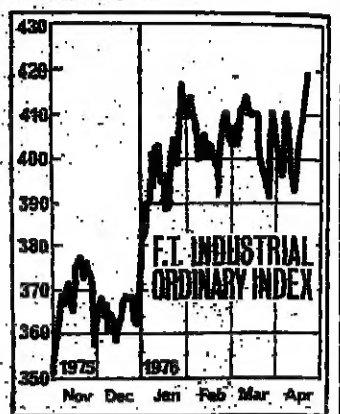
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CONTINENTAL SELLING PRICES: AUSTRIA Sch.13; BELGIUM Fr.30; DENMARK Kr.2.75; FRANCE Fr.2.20; GERMANY DM1.70; ITALY L.300; NETHERLANDS Fl.1.50; NORWAY Kr.2.75; PORTUGAL Esc.15.00; SPAIN Ptas.30; SWEDEN Kr.2.50; SWITZERLAND Fr.1.50.

MARKET SUMMARY

Complex reaches month peak

Share index broke a 28-month peak it closed 4.8 higher, its highest since 12, 1973. It has gained nearly 50% for this year. The index, on the basis of the Financial Group at 171.05, is at a level of 8 p.c. by the end of 1975. It is very thin, with all uneasy because weakness awaiting promise on the wages policy. The market has been optimistic about the government's statements from the Tories. The sharply higher trade figures had a good day. The aged, a little more, Gold Mines Index rose 1.1 to 169.5.



insufficient in a market short of stock to push the index to its new peak.

BUSINESS

Pound falls to \$1.8415 in late dealings

STERLING fell quite sharply in late dealings after the Scottish TUC rejection of a 3 p.c. pay limit. The pound's weighted depreciation widened to 36.9 (36.7) per cent. Against the dollar, after reaching \$1.8415, the pound fell to \$1.8415, a fall of 70 points. The dollar weakened; its weighted fall widened to 1.80 (1.73) per cent. Back Page

GOLD fell \$1 to \$127.12 in late dealings.

WALL STREET closed 7.56 higher at 1,011.02 on continued optimism at recent economic indicators.

U.S. TREASURY bill rates at this week's auction were: Three 4.75 (4.80) per cent. and Six 5.00 (5.05) per cent.

WEST GERMAN Federal Cartel office is investigating allegations of illegal price-fixing and rebate systems in the aluminium market. Page 7

OIL MINISTERS of the Organisation of Petroleum Exporting Countries met in Geneva yesterday to discuss differences in pricing policies. The meeting, expected to last two or three days, is surrounded by strict security.

MR. PETER PARKER, chairman designate of British Rail, is to be allowed to retain two non-executive directorships at Raxway and H. Clarkson and Co. (Holdings) for a year when he takes up his new post on September 12. Men and Matters, Page 18

TAYLOR WOODROW Construction has won a £130m. NCB contract to extract 13m. tons of coal from a Northumberland open-cast site. Page 9

ALLIED BREWERIES is not to take up Trust House Forte shares offered to it under the current rights issue. Its holding will fall to about 21.6 (20) per cent. Back Page and Lex

DELTA METAL pre-tax profits fell to £11.63m. (£26.35m.) on almost static sales of £339.43m. The Board expects an appreciable recovery this year. Page 22 and Lex

BRITISH LEYLAND is to begin an immediate drive to establish a distribution network in Arab countries of the Middle East following confirmation yesterday that after years of effort the company has been removed from the Arab boycott.

Already the company has been inundated with requests for its franchise from distributors throughout the region, alerted by earlier rumours from Cairo of a reversal in the Boycott Office policy.

The change of policy removes the stumbling block that has for the last five years confronted BL in one of the healthiest and most buoyant markets in the world automotive industry. Although sales have shaded off slightly from the boom conditions of the last two years, the market remains highly promising, particularly for specialised products like the Land-Rover and the earth-moving and construction equipment made by the Special Products group.

Even during the operation of the boycott, British Leyland managed to keep links with many Arab States through sales of the Land-Rover which has become a vital military vehicle

Smallest increase in earnings levels since July 1974

BY MICHAEL BLANDEN

The Government's pay policy has continued to cut the growth of wages and earnings in industry, according to the latest figures published by the Department of Employment.

Over the 12 months to February, average earnings rose by 19 per cent., the smallest increase since July 1974. This compares with an increase of 20.7 per cent. in the year to January, and represents a renewal of the steady downward trend in the growth of earnings since the 18 limit was introduced in August.

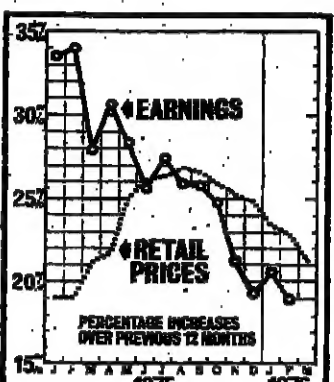
For the first time, moreover, the restraints have begun to make a significant impact on the level of basic wages, which have so far been less responsive to the counter-inflation policy than earnings.

Over the 12 months to end-March the index of basic weekly wage rates, which is a month more up-to-date than the earnings figure, showed an increase of 22.9 per cent. This is a sharp drop from the 12-month rise of 27.3 per cent. recorded the previous month and the lowest rise since September 1974.

The results of the incomes policy so far underline the importance placed by the Chancellor on negotiating stringent new pay controls.

The Government feels that the controls have already made a substantial contribution towards the reduction of inflation. By August, when the present phase of restraint comes to an end, it is thought that the rate of increase in earnings over a 12-month period could be down to 13 per cent.

This would mean that the growth of earnings would be



about halved from the level of almost 26 per cent. recorded in August last year.

It is estimated that some 13m. workers, about 60 per cent. of the total workforce, have now concluded pay agreements within the terms of the 18 limit.

The figures also underline the short-term impact of the pay limit on living standards, with the level of earnings continuing to lag behind the rate of increase in retail prices. The 19 per cent. rise in average earnings in the year to February compares with rises in the cost of living index of 22.9 per cent. over the same period and 21.2 per cent. in the year to March.

While domestic policies appear to be still on target, external influences may prevent the Government achieving its aim of cutting price inflation to single

figure rates by the end of this year.

The impact of the fall in the value of the pound and the continuing rise in commodity prices could push up industry's costs to a level which will partly counteract the lower rise in domestic wage costs.

Last month, the index of basic weekly wage rates rose by only 0.7 per cent., from 205.1 in February to 206.5 (July 31, 1975=100).

The wages index has shown little reaction to the pay restraints until now, partly because it has continued to be influenced by earlier settlements, particularly in the engineering industry.

This index covers only manual workers, and settlements during the period of the pay policy have tended to be for lower-paid workers for whom a 58 rise represents a relatively bigger proportionate increase.

It is doubtful, though, whether the sharp drop in the year-on-year rate of increase in wage rates last month to 22.9 per cent. will be followed by a continuing downward trend on the same scale.

The earnings index is more sensitive since it reflects a wider range of employment and takes into account the effects of the economic recession on overtime working as well as actual wage rates.

In February, the latest figures available for this index, the figure increased by 0.4 per cent. from 248.8 to 249.7 (seasonally adjusted; January 1970=100).

French Plan seeks high growth to create jobs

BY ROBERT MAUTHNER

PARIS, April 21.

THE DRAFT for the seventh French five-year plan for the period 1976 to 1980, adopted by the French Cabinet today, puts the emphasis on a high growth rate as the only means of ensuring full employment.

The plan argues that its target of an average annual growth of GNP of 5.5 to 6 per cent. over the next five years is not only desirable, but compatible with bringing down inflation from its current level of more than 9 per cent. to less than 6 per cent. a year.

Other major objectives include a return to a balanced trade account with a target of a Frs.10bn. (about £1.2bn.) surplus by 1980, a growth of 18 to 19 per cent. in industrial investment by the end of the decade and the creation of more than 10m. new jobs to absorb the growing labour force.

Although the seventh plan, as distinct from its predecessors, does not attempt to lay down detailed targets or programmes for all the major sectors of the economy, in keeping with President Giscard d'Estaing's more pragmatic approach to managing the economy, it has singled out

certain areas for "priority action".

The Government will devote more than Frs.200bn. to measures under six main headings: reinforcing the dynamism of the economy, restoring the balance of payments, ensuring full employment, reducing social inequalities, improving the quality of life and promoting scientific research.

By far the biggest single item of expenditure, some Frs.94bn. will be devoted to modernising France's out-of-date telephone system. The number of lines will be more than doubled, from 7m. in 1975 to 15m. in 1980, a programme which will create as many as 90,000 new jobs.

Other major schemes include the economic development of the west, south-west and Massif Central regions with the construction of 1,800km. of motorways and improvement of railway lines, a programme which will cost an estimated Frs.80bn. and create 100,000 jobs.

A part of its efforts to restore the trade balance, which has

gone into deficit again this year after a large surplus in 1975, the government will spend Frs.33bn. on promoting exports, both in the form of aid to exporting companies and the improvement of official export services.

More than Frs.10bn. has been earmarked to improve the employment situation, some Frs.29bn. to reduce social inequalities by the creation of new educational facilities, the building of low-cost housing and the improvement of legal services for low income groups, while Frs.24bn. will be spent on measures to improve the quality of life, including modernising hospitals, building towns and improving road safety measures.

More than Frs.10bn. has been earmarked for the development of scientific research.

One of the central themes of the plan, which will now be submitted to the National Assembly, is that a growth rate aimed at creating enough jobs to absorb the currently high number of unemployed is not sufficient in itself.

A real effort must be made over the coming five years to improve the general working environment.

Big fall in rate of U.S. price rises

By Jurek Martin, U.S. Editor

WASHINGTON, April 21.

AMERICAN consumer prices rose by only 0.2 per cent. last month, seasonally adjusted.

This means that for the first quarter of the year the cost of living has only risen at an annual rate of 2.9 per cent., the smallest three-month rise in nearly four years and well below the 7 per cent. a year quarterly increase prevalent throughout 1975.

Given the recent softness of food and fuel prices, the figures were no surprise. Last Monday, the Administration announced that the rate of inflation, as measured by the Consumer National Product deflator, had fallen to an annual rate of 3.7 per cent. in the first three months of the year from the 6.8 per cent. of the preceding quarter.

The combination of the GNP figures—showing a 7.5 per cent. a year growth in the first quarter in real terms—and those on consumer prices, constitute the culmination, for the moment, of a series of excellent economic—and therefore political—news for the Ford Administration.

Accepted

It is accepted inside the Administration that the inflation picture will not remain as favourable as it largely is now. In March, the food index dropped 0.3 per cent., seasonally adjusted, while the motor oil and gasoline index fell by 1.7 per cent.

However, the major oil companies have in the last couple of weeks begun to raise the price of petrol by a cent or two, with the expectation of more modest increases in February. Food prices will probably firm up later in the summer.

Thus it is likely that, in the months ahead, lower food and fuel prices will not be able to offset increases in other parts of the index to the extent that they have in the first quarter.

Commodities other than food, for example, rose in price by 8.3 per cent. in March. But the services index rose by a sharper 0.7 per cent. with the cost of transportation and medical care by substantially more than the average.

New orders for durable goods rose 2.9bn., or 6.5 per cent., in March, to a seasonally adjusted \$47.9bn. following a four per cent. increase in February. The Commerce Department reported.

Shipments increased by 3.3 per cent. or \$1.5bn. to \$47.2bn. and unfilled orders increased \$715m. to \$181.2bn.

More support for Labour's wage policy

BY CHRIS BAUR AND ROY ROGERS

THE CHANCES of the TUC and the Government reaching agreement on a fresh period of voluntary wage restraint improved yesterday when the Scottish TUC ditched its traditional militant stance of opposing any form of statutory or voluntary incomes policy.

For the second day running, STUC moderates defeated militants, led by Mr. Mick McGahey, who were seeking a return to free collective bargaining. STUC delegates at the Perth conference also fell into line with TUC leaders by rejecting the Government's Budget offer of a 3 per cent. norm with tax concessions, but seeking further talks.

Delicate negotiations between TUC leaders and Mr. Denis Healey, the Chancellor of the Exchequer, are to resume to-night or to-morrow. The Prime Minister is expected to enter the debate in a key speech to the Union of Shop, Distributive and Allied Workers' conference at the week-end.

Further developments are expected on Monday when TUC leaders and Ministers meet on the TUC-Labour Party liaison committee in advance of a special TUC economic conference meeting later that day and a general council meeting two days later.

Mr. Callaghan will address the USDAW conference, the first major union conference of the summer, on the eve of the union's pay debate. The traditionally moderate union is to discuss calls for rejecting further pay restraint, but is expected to maintain the moderate line personified by Lord Allan.

USDAW general secretary, who is also chairman of the TUC economic committee and a long standing advocate of the social contract.

Scottish TUC delegates yesterday



Mr. McGahey: Defeated, despite his warning of "blind loyalty" to the Government.

day voted by a 1,048-717 card vote to reverse their view towards pay restraint, which until now has been so firmly embedded on the Scottish organisation's agenda that it has been accepted virtually on the nod for the last two years running.

But the switch was not unexpected. From the start of the proceedings, moderate unions had been warning preliminary skirmishes on incomes policy. First in the STUC general council and latterly on the floor of conference itself.

Left-wingers have been consistently outvoted on the issue by the combined strength of the transport workers, the engineers

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Exporting and New	29	The Technical Press	12
Foreign Exchange	29	Today's Events	1
Foreign Exchange	29	TV and Radio	2
FT-Articles Index	29	Unit Trusts	30
Home Contracts	29	Unit Trusts	30
Home News	29	Weather	34
Index, Company News	29	World Trade News	4
Index, News	29		
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Letters	29	Aluminium & Metals	25
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For latest Share Index phone 01-248 8056

Olympia announces The merger of the year

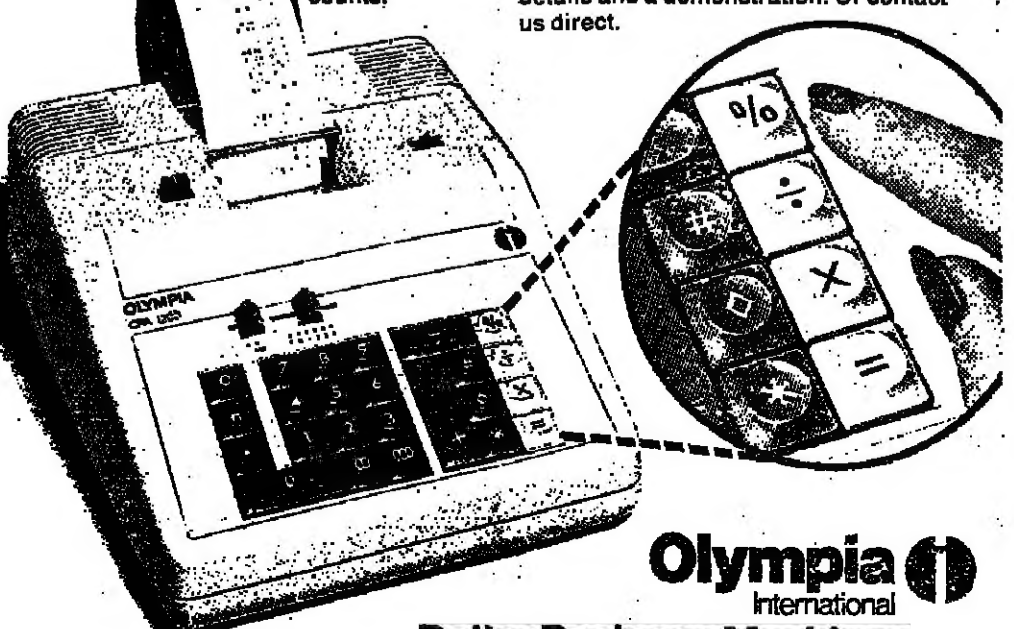
A heavy-duty add-lister. With a full-function calculator. More versatile—and more productive!

It's Olympia's new electronic calculating add-lister—the CPA 1200. Now your operator can do multiplication and division as well as pluses and minuses. In any combination, with sub-total storage. Percentages, markups and discounts. Constant factor calculations. Simple and compound interest. Averages and means, with built-in item counts.

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E CHANGES YESTERDAY	
unless otherwise stated	
Reveries	58 + 4
Regiole Parsons	131 + 44
Sime Darby	107 + 5
Stentons	108 + 1
Taylor Woodrow	286 + 8
Tilling (T.)	87 + 4
Tokengate Inv.	321 + 94
Triplex Foundries	65 + 5
UDA	87 + 4
United Carriers	371 + 44
Western Eng.	245 + 15
Guthrie	197 + 10
Sunnyside Oil	905 + 60
Bougainville	134 + 8
Charter Cons.	168 + 11
De Beers Dfd.	219 + 10
East Drie	750 + 50
Loraine	108 + 22
Palabora	820 + 70
Pot. Plat.	170 + 12
St. Helena	215 + 12
Selection Trust	363 + 40

Ports forecast good export prospects

BY ARTHUR SMITH, INDUSTRIAL STAFF

GOOD PROSPECTS for Britain's exporters are forecast by the National Ports Council in a study of U.K. foreign trade.

Despite the finding that U.K. trade will grow more slowly and will be little higher by 1980 than it was in 1973, the council finds cause for optimism.

"Our market research suggests that industry has taken the economic recession in its stride and is determined to press ahead with export plans," Mr. R. E. Baxter, director of economics and statistics, said last night.

The study forecasts that the total tonnage of U.K. international trade in 1980 will be 280m. tonnes—only 4m. tonnes higher than in 1973. However, 1973 was a boom year and port traffic dropped 21 per cent. in 1974 and a further 12 per cent. last year.

Moreover, by 1980 less fuel will be imported as Britain's own oil should be on stream; trade in fuels is expected to total 145m. tonnes compared with 164m. tonnes in 1973.

Trade in commodities other than fuels will increase at an annual rate of 2.2 per cent. for the period 1973-80, and 3.2 per cent. in 1980-85, an overall rise from 118m. tonnes to 162m. tonnes. The comparable growth in the seven years 1966 to 1973 was 4.6 per cent. a year.

The report indicates that the share of U.K. trade with the EEC will continue to increase at the expense of areas such as North America and Australia.

The clear implication is that prospects for ports on the South and East Coasts trading with Europe will be brighter than that of ports such as Liverpool and Bristol—though the West Country authority will be cushioned by the likelihood of increased trade in forest goods with North America.

The report forecasts that trade in a number of bulk commodities, such as cereals, animal feedstuffs, and certain forest products will be lower in 1980 and 1985 than in 1973. But it is estimated that this will be more than offset by increased imports of iron ore, and increased trade in crude minerals.

U.K. International Trade 1980, National Ports Council, Communwealth House, 1-19, New Oxford Street, London WC1A 1DZ; £35.

Imported vehicle lamps 'providing unfair profits'

BY JAMES McDONALD

THE LIGHTING industry big British producer estimated that brake or indicator lights were selling in a competitive retail trade at between 25p and 40p.

Mr. Brain said household lamps were also being imported at prices generally below the raw material costs of the British lamp industry, but sold at prices comparable to U.K. products.

"This appears to be a further instance of large profits being made at the expense of the industry at a time when it has had to reduce its labour force by 3,000 over the past two years," Mr. Brain said.

Two weeks ago the Department of Trade told the industry that it had powers to deal with the dumping of goods.

"To this end we are supplying the department with all the information we have," Mr. Brain said.

The motorist is unaware of the difference in the prices of the lamps. Imported lamps from the Far East, he claimed, were landed at between 22p and 25p each, with prices of Eastern European lamps ranging from 35p to 40p.

"In most instances, these figures are below the U.K. manufacturers' raw material costs. The price to the consumer for both local and imported lamps is the same, so somewhere along the line a handsome profit is being made at the expense of British manufacturers."

It would seem, however, that a handsome profit is also being made from the motorist on these bulbs—both home and foreign produced. A spokesman for a

'V' badge for vandals

Vandals should be made by law to walk around wearing a large letter "V" on their backs, urges Mr. Nicholas Fairbairn, Conservative MP for Kilmarnock and West Perthshire. He has written to Mr. Roy Jenkins, Home Secretary, asking him to change the law and add this "shaming" punishment to those that magistrates can already impose for vandalism.

Memory Lane for Elizabeth

BY DOMINIC WIGAN

MEMORY LANE, an own sister to Mill Reef, can stake claims to Oaks consideration by landing today's Princess Elizabeth Stakes at Epsom.

Mr. Paul Mellon's attractive brown filly looked to be a high-class performer in the making at Sandown last May when defeat by Enchanted a shade cleverly, by three-quarters of a length, on her racecourse debut. She returned that promise after a long lay-off when finishing third behind Royal Breeze and Honey in the Mill Reef Stakes at Newbury in September.

A strong quartered filly with a beautiful action, Memory Lane should be well suited to this mile and 110 yards trip, which sets such a premium on balance and manoeuvrability.

In what promises to be an informative trial I hope to see Memory Lane, who will be accompanied to the post by another of Mr. Mellon's land

Divided Britain must 'pull together,' says Philip

BRITAIN is like a soccer team with 11 coaches sitting on the bench and one player trying to compete with the opposition, Prince Philip said yesterday.

"I think we ought to reverse this situation," he said in an interview with BBC radio disc jockey Jimmy Young.

The country's present troubles were partly due to its early industrial success which had now peaked. Britain should now reassess and reorganise.

"This sort of thing has been going on throughout history. We have never been at the top all the time."

The Duke said Britain had "tremendous latent intelligence and skill," but there was a lack of co-operation. The country had become "slightly divided."

People were pulling in different directions instead of together. It was "a little embarrassing going abroad at the moment because I tend to get the complaints. Some said they were delighted with British goods, but others complained to him about lack of service, failure to meet delivery dates and specifications. They did not appreciate that in many cases the manufacturer was not responsible and it had happened 'down the line' to the customer."

Prince Philip did not believe the country had become defeatist. "But it's very difficult to know what to do. You can't run inflation at a rate which is far higher than any of our competitors and pretend that you're not in trouble."

Chandeliers fetch £18,000 at Sotheby's

BY ANTHONY THORNCROFT

CONTINENTAL FURNITURE Emanuel, the London dealer, perhaps for the Iranian market, at a price well above the forecast of £5,000-£10,000.

Another good price was the £16,000 paid by the same dealer for an elaborate Venetian enamel mounted on a bureau cabinet of around 1880.

There was a full saleroom with many Continental buyers and only 1.82 per cent. of the sale was "bought in."

Thames TV series tipped for U.S. awards

JENNIE, Lady Randolph Churchill, Thames Television's dramatisation of the life of Winston Churchill's American Mother, has been nominated for six Emmy awards by America's National Academy of Television Arts and Sciences.

The seven-part series, seen over the entire American public network at the end of last year, has already won for its star Miss Lee Remick a golden globe from the Hollywood Foreign Press Association and for its director, Mr. James Cellan Jones, a best director award from the U.S. Directors' Guild.

Miss Remick and Mr. Cellan Jones are among the Emmy nominations, which also recognise the achievements of writer Julian Mitchell, designers Michael Hall and Fred Pusy and costume designer Jane Robinson. The programme is also among the nominations for best limited run series.

LORD NELSON AT SYMPOSIUM

Lord Nelson of Stafford, chairman of the General Electric Company and past president of the Institution of Electrical Engineers, will give the opening address at the symposium entitled "Reviving the U.K. economy—what can automation offer?" next Tuesday at the IEE, Savoy Place, London.

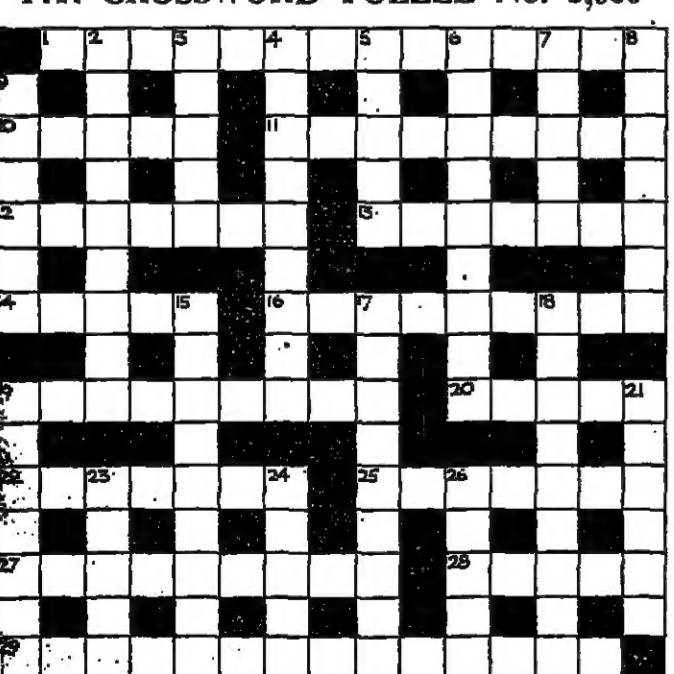
TV/Radio

Indicates programme in black and white.

BBC 1

7.05 a.m. Open University (LIVE only). 10.05 The Wombles. 10.10 Jennie (cartoon). 10.20 The Dipper and the Water Shrew. 10.30 Deputy Dawg. 12.35 p.m. On the Move. 1.45 News. 1.50 Pebble Mill. 1.55 Fingerbobs. 2.50 Regional News (except London). 4.00 Play School. 4.35 Barbapapa. 4.30 Jackanory. 4.45 Blue Peter. 5.10 John Craven's Newsround. 5.20 Boss Cat (cartoon series).

F.T. CROSSWORD PUZZLE No. 3,060



ACROSS

1 Sporting event whose contestants may be all in (9, 5)
10 Arrested during final stage of race (3, 2)
11 Doctor who looks after the Ralls (9)
12 Depreciate a paltry Cockney fowl (7)
13 Not the Socialist leader (7)
14 Old-fashioned so it says (5)
15 Mistake in pursuof becoming a gunman (9)
16 Blind is a great deal more inexpensive (9)
17 Drink what the doctor ordered (5)
18 Rocket launching forces one to walk up (4, 3)
19 Unaffected by white key (7)
20 Calling up egghead to profession (9)
21 Photograph to get one's teeth into (5)
22 Warder's chance to make James book (4, 2, 3, 5)

DOWN

2 Portrayal of plaster on walls (9)
3 Boy soundly riding at dawn (8, 23)
4 Rotten leg-breaks could leave one glassy-eyed (9)
5 Emperor says information is up to us (5)
6 Skips with girls abroad (6, 3)
7 Latecomers at cinema find this illuminating (5)

Solutions to Puzzle No. 3,059

ACROSS
1. SHOOTING
10. CATCH
11. VET
12. CHEAP
13. BIRD
14. OLD
15. MISTAKE
16. BLIND
17. DRINK
18. ROCKET
19. UNMOVED
20. CALLING
21. PHOTOGRAPH
22. WARDER

DOWN
2. PLASTER
3. BOY
4. ROTTEN
5. EMPEROR
6. SKIPS
7. LATECOMERS

BBC 2

6.40 a.m. Open University. 11.05 Play School. 1.00 p.m. Open University. 7.05 The Wombles. 7.10 Regional News. 7.20 News. 7.30 News. 7.40 News. 7.50 News. 8.00 News. 8.10 News. 8.20 News. 8.30 News. 8.40 News. 8.50 News. 9.00 News. 9.10 News. 9.20 News. 9.30 News. 9.40 News. 9.50 News. 10.00 News. 10.10 News. 10.20 News. 10.30 News. 10.40 News. 10.50 News. 11.00 News. 11.10 News. 11.20 News. 11.30 News. 11.40 News. 11.50 News. 12.00 News. 12.10 News. 12.20 News. 12.30 News. 12.40 News. 12.50 News. 1.00 News. 1.10 News. 1.20 News. 1.30 News. 1.40 News. 1.50 News. 2.00 News. 2.10 News. 2.20 News. 2.30 News. 2.40 News. 2.50 News. 3.00 News. 3.10 News. 3.20 News. 3.30 News. 3.40 News. 3.50 News. 4.00 News. 4.10 News. 4.20 News. 4.30 News. 4.40 News. 4.50 News. 5.00 News. 5.10 News. 5.20 News. 5.30 News. 5.40 News. 5.50 News. 6.00 News. 6.10 News. 6.20 News. 6.30 News. 6.40 News. 6.50 News. 7.00 News. 7.10 News. 7.20 News. 7.30 News. 7.40 News. 7.50 News. 8.00 News. 8.10 News. 8.20 News. 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WORLD TRADE NEWS

Saudi Minister 'disappointed' in U.K. companies

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE SAUDI ARABIAN Minister of Industry and Electricity yesterday said he was "disappointed" in the lack of interest shown by U.K. companies in the setting up of joint ventures in his country.

Dr. Ghazi al Ghosbi, Minister of Industry and Electricity, said he had been offered from the U.K. for his department to consider.

U.K.-Seoul arms talks

By Our Own Correspondent

SEUL, April 21. CONCLUDING his three-day trip to South Korea, British Defence Secretary Roy Mason admitted today that he sought British arms sales to Korea but refused to go into detail.

At a news conference held at the British embassy here, Mr. Mason said he discussed with his South Korean counterpart, Suh Young Chul, the possibility of sale of defence equipment which is just one more area in which we hope to be able to help the Republic.

Crosland and CBI to visit Japan

By Peter Dunning

TOKYO, April 21.

ANGLO-JAPANESE relations will be reviewed at both official and private levels in the next three weeks. Mr. Anthony Crosland's visit, the first by a Foreign Secretary since 1970, is fixed for May 9-11.

Before that, the Confederation of British Industry will arrive in force for talks with Japan's federation of employers' organisations (Kaidanren) on April 27-28. This seven-man delegation will be led by Sir Ralph Bateman, CBI's President, and include Sir Peter Matthews, managing director of Vickers, and Mr. Barry Heath, chairman of GKN.

It is believed that Kaidanren and CBI can fruitfully discuss further opening of the Japanese market for British exports, and that the meetings are likely to establish a mechanism for informal exchanges of views on a regular though ad hoc basis.

Mr. Crosland is expected to meet Mr. Kiichi Miyazawa, Japan's Foreign Minister, and Mr. Toshio Kamote, Minister of International Trade and Industry. Britain's exports to Japan topped 11.5 per cent, to \$800m in the 12 months ended March 31. Imports from Japan were 7 per cent, down, at \$1.46bn.

Reuter reports from Osaka: Toyota is planning to set up a subsidiary in the U.S. at some future date, especially if the U.S. were to restrict car imports. Toyota Motor Sales Company president Seishi Kato announced.

Talks on threat posed by Soviet shipping growth

BY ARTHUR SMITH

THE BRITISH Government appears to be sounding out opinion for concerted action by Western Governments to counter Russian and East European penetration of shipping trade.

Mr. Stanley Clinton Davis, Parliamentary Under-Secretary at the Department of Trade, has left for talks in Copenhagen with Mr. Erling Jensen, the Danish Minister responsible for shipping.

The Department refused to comment beyond the fact that the Ministers would be "examining views on various aspects of shipping policy." But it is known that Mr. Davis has already held talks with the West German and Greek Shipping Ministers and is scheduled to meet the Dutch Minister.

The main issue under discussion is likely to be the threat posed by the growth of the Soviet and East European commercial fleet.

The Council of European and Japanese National Shipowners' Associations (CENSA), representing the major Western shipping lines, has appealed publicly for concerted Government action to help deal with the problem.

The shipowners maintain that "deliberate and concerted" rate dumping, primarily by Soviet merchant shipping, could so

seriously enfeeble Western shipowners that the carriage of a major proportion of trade could fall permanently into Russian hands.

Eastern bloc penetration has been achieved largely at the expense of Western shipping lines in the cargo-liner and container trades.

Attempts by the shipowners to persuade the Communist countries to moderate their policies have come to nothing and the onus is now being placed upon Government action.

A starting point for any action would be to sound out unofficially how seriously individual Governments take the reported threat and what basis of agreement could be reached for a joint initiative.

MAGIRUS-DEUTZ IRAN SUBSIDIARY

By Guy Hawtin

MAGIRUS-DEUTZ, the West German bus and commercial vehicle builder, is setting up a subsidiary in Iran. The concern is also planning to establish subsidiaries in other important markets.

Andean Group near solution to crisis

BY MICHELLE PROUD

LIMA, April 21.

THE SIX ANDEAN Group of all the industrial programmes and the external tariff would not be met. This was not merely due to delays in preparing the programmes but because some of the countries—particularly Colombia and Chile, in the case of industrial programmes—were deliberately blocking progress.

The measures are contained in six decisions agreed here on April 10 at Ministerial level meetings, held in a last-ditch attempt at compromise after months of hard but inconclusive negotiations.

The most important decision is a protocol amending the Cartagena Pact itself—the agreement signed in 1960, which set up the Andean Group. The protocol postpones for two years a series of deadlines; principally for the final drafting and adoption of industrial development programmes and of the common external tariff, which had originally been fixed for the end of last year.

The extension provides the necessary breathing space for negotiations on these programmes. At the same time, two important changes are intended to prevent these negotiations ending in deadlock as in the past.

The first is that if all six countries cannot agree on any particular programme, it can be adopted by a minimum of four countries. The second allows for maximum and minimum levels to be agreed in the common external tariff for each product.

Those that different monetary and trade-related policies have on tariff levels in each country.

Contradiction

The idea that a common external tariff can have different levels for different countries appears a contradiction in terms. Officials say, however, that it is only realistic to recognise that the interests and needs of each of the six countries are different and that the way they use trade-related mechanisms—such as prior import licences, foreign exchange quotas for imports and subsidies—may nullify the effect of a common tariff.

The aim now is to gradually harmonize all the different instruments, and in the meantime to agree on varying tariff levels to compensate for them. Perhaps more importantly, the measure recognises that the original concepts of the Andean Group were too demanding for the countries with very different resources and economies, and that it is better to set lower requirements that will be adhered to in practice, than to make impossible demands that nobody complies with.

The crisis in the Andean Group began over a year ago, when programmes started falling seriously behind schedule. By late last year it was obvious that the deadline for completion

of all the industrial programmes and the external tariff would not be met. This was not merely due to delays in preparing the programmes but because some of the countries—particularly Colombia and Chile, in the case of industrial programmes—were deliberately blocking progress.

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Those that different monetary and trade-related policies have on tariff levels in each country.

Compromise

In spite of its oil wealth, Venezuela's manufacturing industry is both limited and poorly structured, and the Government decided that the tariff protection and guaranteed market provided by the Andean group are most important to its industrial development. Out of this, the present compromise has emerged.

The group's rules on foreign investment are to be retained, with extra time for carrying them out. If Colombia or Chile do not like a particular programme, they can opt out, but they cannot agree on any later.

Programmes so far in operation are those for petrochemicals and for metal-working industries (which is now to be redefined to include cover chemicals, pulp and paper, glass and pharmaceuticals).

Another major area of dispute between the Andean countries has been Decision 24, the group's rules on foreign investment. Several countries, led by Chile, have for some time been pressing for amendment of this Decision, particularly of features like the profit remittance level—at present limited to 14 per cent a year of investment—and of the rigid rules on reinvestment.

The countries which earlier had opposed any change in the rules, particularly Peru, now seem to feel that the basic principles are as well established as tariff levels to compensate for them. Perhaps more importantly, the measure recognises that the original concepts of the Andean Group were too demanding for the countries with very different resources and economies, and that it is better to set lower requirements that will be adhered to in practice, than to make impossible demands that nobody complies with.

The crisis in the Andean Group began over a year ago, when programmes started falling seriously behind schedule. By late last year it was obvious that the deadline for completion

of all the industrial programmes and the external tariff would not be met. This was not merely due to delays in preparing the programmes but because some of the countries—particularly Colombia and Chile, in the case of industrial programmes—were deliberately blocking progress.

The measures are contained in six decisions agreed here on April 10 at Ministerial level meetings, held in a last-ditch attempt at compromise after months of hard but inconclusive negotiations.

The most important decision is a protocol amending the Cartagena Pact itself—the agreement signed in 1960, which set up the Andean Group. The protocol postpones for two years a series of deadlines; principally for the final drafting and adoption of industrial development programmes and of the common external tariff, which had originally been fixed for the end of last year.

The extension provides the necessary breathing space for negotiations on these programmes. At the same time, two important changes are intended to prevent these negotiations ending in deadlock as in the past.

The first is that if all six countries cannot agree on any particular programme, it can be adopted by a minimum of four countries. The second allows for maximum and minimum levels to be agreed in the common external tariff for each product.

Those that different monetary and trade-related policies have on tariff levels in each country.

Three-man Board

Dr. Barandiarán is widely respected for his ability and imagination. Dr. Farfán, a professional economist, was formerly director of Venezuela's foreign trade institute. The compromise figure in the trio, chosen at the last minute when no agreement could be reached on another candidate, is Dr. García, an international lawyer in Ecuador's Foreign Ministry. The new three-man board took office April 1.

Now that the formal aspect of the crisis has been dealt with, the pace of progress in the Andean Group is expected to pick up again. There remains perhaps the most serious aspect of the crisis manifested in the failure of all the countries to meet many of their commitments under Andean Group programmes, including the failure to ratify Andean Group decisions or to put into practice decisions they had ratified, or even to make required changes. Officials are hoping that now, with the major obstacles removed and a great degree of flexibility allowed, the record of compliance will improve. At all events, the sustained effort of the six countries to reach a compromise in the difficult issues demonstrates their political determination to retain the concept of integration.

Attack on Swedish shipbuilding

BY HILARY BARNES

COPENHAGEN, April 21.

A BITTER attack on Swedish policies for subsidising its shipbuilding industries was made today by Mr. Erik Quistgaard, leader of Odense Shipyard, one of the world's leading super-tanker yards.

Proposals now before the Swedish Parliament to provide subsidies to the yards for building ships for stock would export Sweden's problems to other countries, including Denmark, all of which are suffering worse unemployment problems than Sweden, he said.

"On the one hand the Swedes are trying to do everything they can to solve their own problems, while on the other they declare internationally that the problems must be solved collectively. It can only be described as pure hypocrisy," he said in an interview in the financial newspaper Børsen.

Intervention of this kind by governments makes it almost impossible to agree on a world shipbuilding capacity. What the Swedes are doing may form a model for others. That would be disastrous. It would prolong

the shipbuilding crisis," he added.

But in spite of failure so far to reach international agreements for reducing shipbuilding capacity, Mr. Quistgaard does not doubt the reduction will come about. "And it will come very quickly because there simply isn't anything to build," he said.

Modified plan for NJA works

By William Dullforce

STOCKHOLM, April 21.

THE SWEDISH Government yesterday presented Parliament with a modified plan for its controversial new steel works project. Instead of spending Kr.13bn on a 4m-tonne capacity steel works at the State-owned NJA company in Lulea and two rolling mills in the industry Minister Rune Johansson proposes to spend Kr.10bn, Kr.1.25bn at 1975 prices on a 2.5m-tonne plant to feed new rolling mill and an expanded rolling section in the existing NJA works.

The rolling mill in which the West German Krupp's concern was to have invested in partnership with NJA has been abandoned. The first plant furnaces would be set up in 1981 under the new plan instead of by the end of 1978.

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YNDON WATKINS

HALIFAX April 21

ODM sets civil rights criterion for aid

By Hugh O'Shaughnessy

PRESIDENT GEISEL'S QUEST IN EUROPE

BY DAVID WHITE, RIO DE JANEIRO CORRESPONDENT



Pres. Ernesto Geisel

BY PALMER

NEW YORK, April 21.

Ford attack on Reagan

WASHINGTON, April 21

moderate and pro-American (often U.S.-trained). The army in general is thoroughly suspicious of the Itamaraty, traditionally independent and powerful within the Government.

Sr. Silveira, an able and subtle career diplomat, has

BUENOS AIRES, April 21.

ambassador in Mozambique and has others in Angola and Guinea-Bissau. While Portugal turns its attentions to Europe, Brazil is eager to step into its role as senior member of the Portuguese-speaking world.

This role is the one part of a "Third World" policy most likely to gather support in the military, at least among the middle- or -the-ros officers, moderate and pro-American (often U.S.-trained). The army in general is thoroughly suspicious of the Itamaraty, traditionally independent and power-

Sr. Silveira, an able and subtle career diplomat, has

DRAGADOS Y CONSTRUCCIONES, S.A.



General shareholders' meeting held at the National Convention and Exhibition Palace in Madrid on 13th March 1976 under the Chairmanship of Señor. Don Joaquín Reig Rodríguez.

1975 Financial Year

- Shareholders present: 1,583
- Shares represented: 6,963,967
- Capital represented: 3,481,983,000 Pesetas
- Approval of the Annual Report, Balance-Sheet and Accounts of the year, and also of the policy of the Board of Directors.
- Dividend 11.5%
- Capital Increase:
 - 2 new shares for every 9. at par.
 - Authority is granted to the Board for a capital increase of up to 50% spread over 5 years in one or several issues.

	In million pesetas
Capital	4,500
Reserves	3,763
Balance of Revaluation Account	2,055
Self-insurance Fund	986
Amortization Fund	8,132

1975 ACCOUNTS

ASSETS RESULTS 4,790.9 million, 1,409.6 million higher than the previous year. The profits for distribution, after assigning 1,548 millions to amortizations, stand at 1,849 million, distributed as follows: to Reserves: 867.1 million; to Dividends: 474.3 million; to Taxation: 504.4 million; Remainder: 3.2 million. The Cash Flow has passed the 2,400 million peseta mark.

SALIENT FEATURES

- ★ The value of the work carried out stands at 43,642 million pesetas, and reaches 48,259 million when subsidiary companies are included.
 - ★ Progress during the year in the civil works and building field has been seriously affected by two conditioning factors: an incomplete adjustment of prices and an excessive delay in payments made by the Administration.
 - ★ In spite of this, the policy adopted by our Company has enabled it to master the difficulties of this complex financial year and so close it with satisfactory results.
 - ★ The volume of work in hand at the close of the year stood at 74,100m.
 - ★ The progress of our activities abroad is substantial, by the figures for work carried out (2,500 million), and even more so by that of the order book (7,208 million), with the prospect of 7,500 million for work during the year in Algeria, Argentina, Iran and Venezuela.
 - ★ The Company's own funds stand at 11,300 million, 30% higher than the previous year. There is a suitable balance ratio between Fixed Assets and Equity, even after incorporating to the former the Portfolio of Securities of the subsidiary companies, which can be considered as an extension of the services of the parent Company. The amortization fund represents 50% of the authentic fixed assets.
 - ★ As a result of the capital increase authorised by the Meeting, the capital now stands at 5,500 million.
 - ★ The Board has been given authority for new capital increases in the terms stipulated by the current laws, as and when circumstances render it advisable.
 - ★ The customary policy of devoting maximum attention to development, training and safety in work has been pursued, with a total amount of 140,000 training hours, 255 courses on Health and Safety, housing loans to over 1,700 beneficiaries and 1,340 scholarships to the children of employees for studies this year. Over 4,000 people have enjoyed subsidized holidays.
 - ★ "Dragados" in its capacity as civil works and building contractor, rests on a foundation formed by three factors:
 - 1) Technique, embodied by a valuable team of experts and specialists, without which the Company would cease to exist.
 - 2) The shareholders, who save and invest in the Company, thus providing the necessary operational means—tools, machines, fleets, etc.—should these means become obsolete or no longer suitable, and not be replaced, the coherence of the company would lose strength and become disorderly and confused.
 - 3) The third factor is the active contribution of the labour sector: at no time can this be lacking; the training and cooperation of this sector is vital; when it loses strength or disappears, the company is stricken by illness and death.
- Now these three foundational factors are interrelated: their joint development provides for the general welfare: their products are fairly distributed, as is evidenced in the case of our company throughout the 35 years of its lifetime: this formula is the secret of its success and there is every reason for respecting and maintaining it.
- As long as the above policy is adhered to, Dragados in the next 35 forthcoming years will continue to generate welfare for all as it has done up to now.

EUROPEAN NEWS

Pinheiro expected to stand for president

BY PAUL ELLMAN

PORTUGAL'S Prime Minister, Admiral Pinheiro de Azevedo, is expected to announce tomorrow that he considers himself a candidate for the country's presidency.

With political attention here switching increasingly away from the poll on Sunday for a new legislative assembly, the Admiral's announcement is likely to add fresh impetus to efforts by the main political parties to ensure that, even if the parliamentary elections produce no clear-cut result, the parties will be in the running when it comes to selecting the new Head of State.

Under constitutional arrangements due to take effect on Sunday—the second anniversary of the coup that ended half a century of Right-wing dictatorship—Portugal is to have a attempt to turn his Cabinet into a seventh provisional government designed to reflect the outcome of the election. The present

Government, apart from its military members, reflects the party support expressed in the constituent assembly elections on April 25 last year. According to the Constitution, the sixth provisional Government is to remain in office until the presidential elections, which are expected at the moment to take place on June 27 or July 4.

In spite of speculation published in some foreign newspapers, General Antonio Ramalho Eanes, the army Chief of Staff, is not in the running for the presidency. Some observers have focussed on his declared role of ensuring a peaceful outcome to the election campaign as a peg on which to hang wider political ambitions, but for the time being he has accepted the argument, notably from the Socialist Party and the Popular Democrats, that he should remain where he is to guarantee the cohesion of the army rather than stand for an office that

would deprive him of day-to-day control of the troops during what might become a new period of prolonged instability. He has made known that he would only become a candidate if there was a declaration from the present Head of State, General Costa Gomes, that he will stand.

Meanwhile, the Communist leader, Dr. Alvaro Cunhal, today expressed his scepticism about whether Sunday's vote would usher in a period of political stability. "There are many elements who will not recoil before illegal processes to attack the deep gains of the revolution," Dr. Cunhal said. "No one with an objective view can say with certainty that there will be stability."

A taste of the kind of instability to which Dr. Cunhal was referring was provided last night when supporters of the Popular Democratic Union (UDP) attacked followers of the conservative Centre Democratic Party (CDS) after a similar a coastal to Lisbon. In a series of UDP militants, who responsible for most of the violence, kicked CDS supporters causing severe 76-year-old man, The Communist P

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Capital gains tax row in France

BY RUPERT CORNWELL

PARIS, April 21.

THE FRENCH Government's modest proposals for a capital gains tax has unleashed a torrent of complaint from every part of the political spectrum, from Right to Left and from trades unions and big business alike.

Such criticism was undoubtedly at least partly anticipated by Finance Minister Jean-Pierre Fourcade in a country with a particular aversion to any form of taxation and of fundamental financial conservatism.

However, the very least that can be said is that the scheme will have a rough ride through Parliament this summer before, as is hoped, it becomes law at the start of 1977. An avalanche of amendments is likely, which might provoke substantial changes in the shape of the legislation.

M. Claude Labbe, leader of the National Assembly Gaullists, claimed to-day that the tax had no supporters in his group. It would, he argued, merely produce a repeat of the 1968 "death duties affair," when the Government of the day increased such taxes, provoking not only a political storm but a capital flight that badly weakened the franc.

Within the Assembly's Finance Committee, the view was widespread that despite the claim that a capital gains tax would increase fiscal justice, it would in fact hit those who were build-

ing a fortune harder than those who already had one.

This had led to the paradox of some Gaullists preferring a straight wealth tax—although a capital gains tax has been bitterly assailed as a device paving the way for just that ultimate inequity, when not only actual capital gains, but potential ones as well would be affected.

The reaction on the Left has been more orthodox, with Socialists and Communists arguing that not only would the project raise severe administrative difficulties but that the big fish would again escape. The Communist CGT union claims that rich individuals and companies would be unscathed.

In fact, though, the most legitimate criticism of the scheme is that by penalising shares (though not bonds) it will reduce the already-waning appeal of the Bourse, making it harder still for companies to raise cash for investment by rights issues.

The Right-wing business newspaper *Le Nouveau Journal* to-night branded the planned tax as "against the interest of the country." M. Yves Fiorioy, head of the Paris stockbrokers association, said it was a tax on productive investment, which could virtually kill off the Paris Bourse.

As if to bear him out, share prices again fell sharply to-day. Since mid-March the index has dropped almost 10 per cent, despite much favourable economic news—thanks entirely to worries over the new tax.

The Napoleon gold coin however, which has been exempted, again soared to-day. Since Monday it has risen 8.7 per cent, in a generally weak gold market, and its exclusion from the scheme has been widely attacked as illogical and unfair.



Marquess Giovanni Theodoli

Italian oil chief shot

ROME, April 21.

Italy's leading oilman was shot and badly wounded by a barrage of pistol fire to-day in a new escalation of political violence.

Doctors said 51-year-old Marquess Giovanni Theodoli, president of the Italian Oil Companies' Association, was in a critical condition after being shot at least eight times in the hands and legs while driving to work. Eye-witnesses said his car was forced to a stop by another, from which a man and a woman alighted. The man, wearing a woollen cap and dark glasses, pulled the saloon door open and emptied his pistol at the marquess from almost point blank range. An anonymous phone call to the Rome daily newspaper *Il Messaggero* claimed the "armed communist formation" was responsible.

The lira rate against the dollar slipped a further three and half points to-day to 879.95 at the Milan fixing for an effective devaluation since January 20 last, when the foreign exchange market was closed temporarily, at fractionally over 28 per cent.

Domestic political uncertainty rather than any serious speculative activity continues to be the main shadow over the official valuation.

Fall in lira shows in higher prices

BY DOMINICK J. COYLE

ROME

THE SHARP depreciation of the Italian lira over the past three months is now showing up in other channels. Unappreciably higher domestic prices, with the increase in the consumer index in March running at an annual rate in excess of 25 per cent.

Prices last month were 2.1 per cent higher than in February and showed the largest monthly increase for more than two years. This compares with a 1.7 per cent rise in February and 1 per cent in January. The average monthly increase throughout the second half of last year was 0.85 per cent.

Although roughly one-quarter of the March rise was attributable directly to higher petrol prices, it is clear that increases in wholesale prices stemming mainly from currency depreciation are now having a direct impact on consumer prices, and a further steep rise is likely this month. Imports amount to some 25 per cent of Italian GNP.

Given a continuation of the "scala mobile" or threshold clause, in new and already overdue national wage contracts, compensation for price increases on the level experienced in the first quarter this year, combined with sharply higher raw material prices in lira terms, will soon catch up with whatever competitive edge is currently enjoyed by Italian exporters as a result of the decline of the lira.

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Domestic political uncertainty rather than any serious speculative activity continues to be the main shadow over the official valuation.

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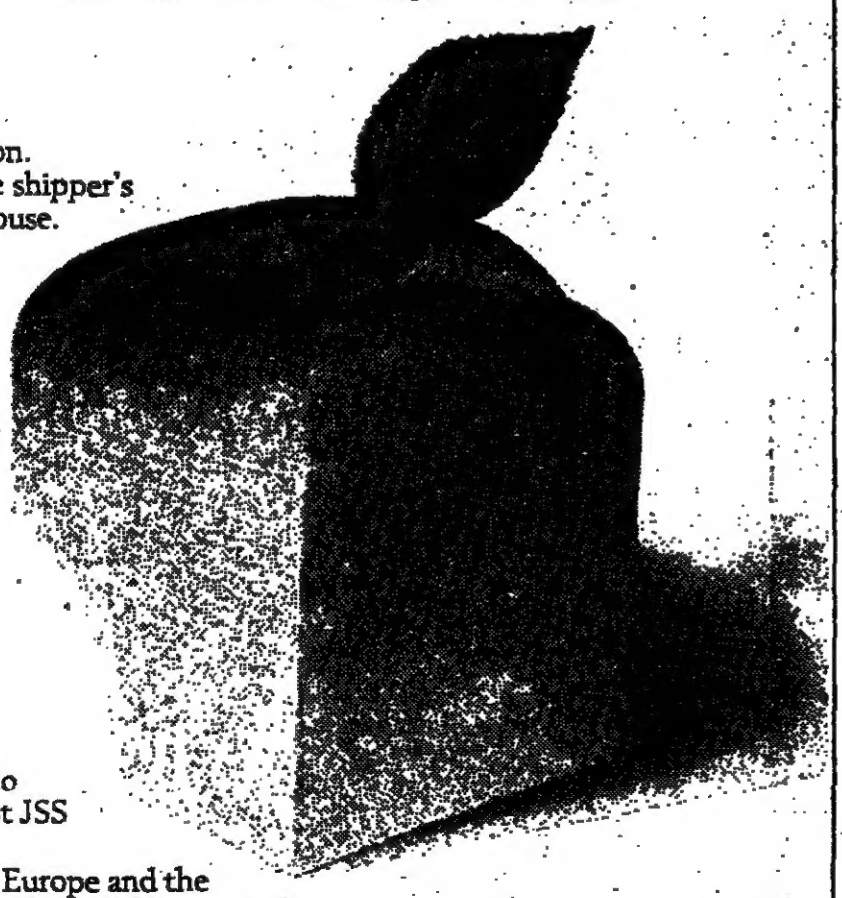
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LIGHTS
WEEK
NEW YORK

AN AIR

EUROPEAN NEWS

Each 5-year plan gives top priority to industry growth

LONDON

The five-year plan for 1976-80 approved by the Communist Party of Czechoslovakia (CPS) gives top priority to industry growth. The plan calls for a 14 to 15 per cent increase in industrial output by 1980, compared with a 10 per cent increase in the period 1971-75. The CPS also aims to increase the share of industry in national income from 31 to 33 per cent. The plan also calls for a 14 to 15 per cent increase in industrial output by 1980, compared with a 10 per cent increase in the period 1971-75. The CPS also aims to increase the share of industry in national income from 31 to 33 per cent. The plan also calls for a 14 to 15 per cent increase in industrial output by 1980, compared with a 10 per cent increase in the period 1971-75. The CPS also aims to increase the share of industry in national income from 31 to 33 per cent.

VIENNA, April 21

Also announced today was the modernisation of existing capacities "plants without prospects" will be closed, with the process beginning already during the current planning period. Through the directives reaffirm the policy of stable retail prices for essential products. The growth of the standard of living will be at a somewhat reduced pace. Thus personal incomes in real terms should rise by only 23 to 25 per cent, as against 28 per cent in the 1971-75 plan. What is described as "all-round economic and technological co-operation" with the Soviet Union which last year accounted for 32.5 per cent of foreign trade, will be the basis of the economic plan, according to the directives. The Communist countries last year accounted for about 70 per cent of aggregate foreign trade. Trade with the West reached 23 per cent, last year according to official figures, with Britain taking third place after West Germany and Austria. Despite the overwhelming role of Comecon, the Czechoslovak leadership and the directives stress the importance of "mutually advantageous relations with the West on a long-term basis" and the "more extensive utilisation of foreign licences."

W. German aluminium pricing probed

By Guy Hawtin

FRANKFURT, April 21

WEST GERMANY'S Federal Cartel Office is investigating allegations of illegal pricing and rebate systems in the primary aluminium producing industry. It is understood that practically all the major primary producers are under investigation. Cartel Office officials have already visited aluminium producers offices to inspect files and records. Papers have been impounded and taken to the Berlin headquarters for examination. Dr. Seifried Klane, a leading Cartel Office official, said that the material was being examined and a preliminary report was in preparation. From this, and observations of the market, the Office would decide whether or not the allegations were founded. Dr. Klane told Handelsblatt, the influential business newspaper, that the Cartel Office wanted to handle the investigation discreetly as it had handled its investigation of similar allegations about the Federal Republic's special steel producers. The Cartel Office's efforts at discretion to date have been somewhat undermined by a front page story in Handelsblatt and by investigations by other newspapers. The aluminium producers are somewhat indignant about the allegations. Last year was the worst business year since the war for the West German producers. The sector during 1975 operated heavily in the red and many of its workers were on short time—with up to 50 per cent of the workforce affected at some plants. West Germany's largest producer Vereinigte Aluminium Werke had, for instance, been giving discounts of up to 30 p.p.m. a kilo on its list price.

TURKEY AFTER THE U.S. DEFENCE PACT

Demirel's uphill fight

BY METIN MUNIR, ANKARA CORRESPONDENT

MR. SULEYMAN DEMIREL, Prime Minister of Turkey, has aged visibly in the past year. There are black rings under his eyes, deep wrinkles line his forehead, and the fringe surrounding his bald dome has turned white. The problems he is facing, both at home and abroad, are enough to turn the colour of anybody's hair, and the past year must have been the most difficult he has had in power.

This month he celebrated the first anniversary of his coalition, a partnership between his Justice Party and three smaller Right-wing parties constituting the so-called Nationalist Front. His biggest achievement has been to keep that coalition in one piece, and to ensure that it remains in power until the general election in the autumn of 1977. The coalition, formed at the end of the longest government crisis in Turkish history, has brought about a measure of stability after four years of more or less constant political uncertainty. But a deep incompatibility of views among the partners, ranging from the appointment of ambassadors to the handling of the Cyprus problem, has seriously undermined the effectiveness and credibility of the Government. Mr. Demirel has managed to hold his partners together by making concessions to them greater than warranted by their parliamentary strength or national popularity. These fundamental weaknesses have adversely affected all Government activities and will continue to do so.

Imposed a ban on supplying arms to Turkey because of its intervention in Cyprus. Turkey will receive over \$1bn. worth of American arms and exercise extensive control over the U.S. bases in Turkey.

The treaty was a major coup for Mr. Demirel because it normalised defence relations with Turkey's biggest ally and significantly reduced the danger of a renewed embargo. It must, however, be ratified by Congress before it can be implemented, and that will depend on an improvement of the situation in Cyprus. Though both Turkish and American officials here are confident that Congress will approve, there could be difficulties unless U.S. legislators are satisfied about Cyprus.

Should Congress not ratify, Ankara will disavow the U.S. bases in Turkey and terminate its special alliance with Washington. It is unlikely that any progress towards a solution could thus be made under Mr. Demirel. The settlement that the Prime Minister wants is very close to the present state of affairs which both President Makarios of Cyprus and Athens and unattractive. Although in theory inter-communal talks between the Greeks and Turks on Cyprus are continuing, the chances of a breakthrough are virtually nonexistent, particularly after Mr. Glafkos Clerides' resignation as chief negotiator on behalf of the Greek Cypriots.

The chances of a Turo-Greek rapprochement remain problematical. Talks on re-opening the Aegean air space and economic potential of the Aegean Sea, have yet to show any signs of progress. In the long run these issues are more explosive than Cyprus. Mr. Demirel has had some success with the economy. The most significant one is a reduction of the inflation rate from 30 per cent in 1974 to about 18 per cent in 1975. He has also successfully liberalised the banking system, enabling Turkish banks

to borrow about \$1bn. from the Euromarket for the requirements of commercial and industrial enterprises that could not be met locally. Helped by a good harvest, GNP has managed real growth estimated at 7.9 per cent.

Many difficulties lie ahead—inflation, unemployment, which has reached a staggering 2.5m., and a big foreign trade deficit which may be as much as \$3.5bn. this year. It will enforce even heavier public and private borrowing abroad this year. On the other hand, Mr. Demirel can look forward to another good harvest this year. Coupled with an improvement in the international markets for traditional exports and in the economies of the European states it will be a help.

Student clashes

Mr. Demirel's worst failure has been an inability to bring an end to the war between left and right-wing students in which over 40 have been killed and hundreds wounded or arrested since he came to power. Encouraged by protection from the Government, right-wing students are battling for campus control. Mr. Demirel has threatened to declare martial law and no end is in sight to the student clashes which have become a constant and distressing factor in Turkish political life.

While Mr. Demirel has been steadily improving his stock as chief adversary, the former Prime Minister, Mr. Bulent Ecevit, has been suffering a surprising eclipse. Mr. Ecevit, who rose to prominence when his Republican People's Party emerged as the biggest in the last election and particularly when he sent the Turkish army to Cyprus in 1974, has not lived up to his early promise. Disheartened by his fall from power after the war, he has not made his mark against Mr. Demirel in opposition. His hold on his party has weakened, and there has been a split in the highest echelon, further weakening Mr. Ecevit's position in parliament and in public eyes.

Aegean drilling permits issued

ANKARA, April 21

THE TURKISH Government has granted the state-owned petroleum company drilling licences covering a total of 2m. hectares, including areas contested by Greece in the Aegean sea, an announcement said here today.

The Turkish Ministry of Natural Resources said the licences were granted to the Turkish Petroleum Corp. (TPAO) for all exploration studies within the continental shelves and beyond the territorial waters of Turkey's three surrounding seas: the Black Sea, the Aegean and the Mediterranean.

In 1974, Turkey and neighbouring Greece were on the brink of an armed clash over the Aegean drilling rights after Turkey claimed a stake in rich oil deposits discovered by Greek prospectors.

Turkey maintains that the Aegean Sea shelves are an extension of the Asia Minor peninsula while Greece contends that its small islands scattered about in the Aegean have also continental shelves. The announcement said the company's findings in the seas are still in the stage of evaluation. The TPAO extracts over 21,000 barrels of oil daily throughout Turkey from wells located mostly in eastern Turkey.

AP-DJ

Rompetrol of Romania was today chosen by the public petroleum enterprise to undertake drilling for oil in the Neftos Estuary, Northern Greece, reports Reuter from Athens.

The Romanian company was preferred over Technip Geoproduction of France and Saipem of Italy which had also submitted offers, based on specifications issued to the three firms. Agencies

Test from Polish bishops

OWN CORRESPONDENT

PRECEDING the rebuffing Poggi, the initiative for working with the Polish Government expected here, on issues normalisation relations with the state in Poland seem allusion course. 7 bishops, in a letter read in all Polish churches the coming Sunday, the amendments to constitution passed, reminiscent in tone re-state clashes of states that the church constitutional role of the state in Poland seem allusion course. 7 bishops, in a letter read in all Polish churches the coming Sunday, the amendments to constitution passed, reminiscent in tone re-state clashes of states that the church constitutional role of the state in Poland seem allusion course.

are coming out strongly in their defence, firmly restating the right of the citizen to comment on and protest at the actions of the authorities. Further complications derive from the demolition of a chapel built without permission by the local population in the Kampinos Forest, west of Warsaw, some hours before the militia came to pull it down on the night of April 10. This has drawn the public criticism of Cardinal Wysinski, who condemned the actions "of those who blindly carry out the orders of their superiors" in sermons over the Easter holiday. Thus, with the upcoming delicate manoeuvre of raising food prices frozen for five years at 1970 levels without provoking popular opposition, and an ideological tightening-up looming on the horizon, the authorities have had a warning shot fired across their bows that they should proceed with care.

g Carlos acclaimed

R. MATTHEWS

MADRID, April 21

IV CARLOS is the s put Spain on the tacy, according to lter Jose-Maria de a speech in Barce. right, Sr. Arelliza he King as the hange," and sought in with "the transi- as that will shortly a democratic situa-

st liberally-minded e Government, and t. Sr. Arelliza is ng to use the poli- f the King to exert he heavily conserv- is of the regime. ig to block reform

7. Arelliza wants to um held before the lital aim would be pular backing for a way round the sition of the Cortes t he may be losing

consultations com- nt and to-day over f the major policy y be delivered by r Carlos. Arias id of the month.

Indications are that Sr. Arias may spend more time outlining "the achievements" of the past four months than dwelling on concrete programmes, which would represent another tactical victory for the conservatives.

Former British Prime Minister Edward Heath, who has been elected the Costa del Sol's "Tourist of the Year," had talks with the King this morning and lunched with the Foreign Minister. He said at Madrid Airport that he would welcome Spain's integration into Europe, adding that although Gibraltar had been a problem in relations between Madrid and London, he thought there were solutions available.

Next month Mr. Jack Jones, general secretary of the Transport and General Workers' Union, is due to pay a rather more controversial visit to Spain. A member of the International Brigade, who fought against Franco in the Civil War, Mr. Jones has already urged support in Britain for the illegal Left-wing alliance of Socialists, Christians, Democrats, Socialists and Communists.

EEC wary of Comecon approach

MOSCOW, April 21

LUXEMBOURG Prime Minister Gaston Thorn said in an interview published here today that any agreements between the Common Market and the Communist trading bloc Comecon depended on the negotiating authority of the two organisations.

M. Thorn, the EEC Council President was interviewed by the weekly Literary Gazette about Comecon's proposal last February for a "framework" accord between the two groupings.

Mr. Thorn said he hoped an answer to the proposal, which is likely to be discussed by EEC foreign ministers in May or June, would be forthcoming "before the summer."

The Luxembourg Premier said that while it was clear what powers EEC members had entrusted to the Community, it was not clear what negotiating powers Comecon had been given by its member states.

The EEC, anxious to negotiate trade deals with individual Comecon members, has so been reluctant to accept the idea of a formal link with Comecon as such, which is regarded as an organisation considerably more limited in scope than the EEC. The full text of the Comecon proposal has not been published. Reuter

Protest in Athens

ATHENS, April 21

A MASS RALLY called to-day by an extreme leftwing youth organisation to express opposition to American bases in Greece and all aid from super-powers flared for lack of support from political parties.

The "revolutionary Communist Movement of Greece" organised the rally to coincide with the anniversary of the April 1967 coup which resulted in seven years of military dictatorship. Yesterday police arrested ten of its members in various parts of Athens for using loud-speakers to urge Athenians to join their rally.

Brandishing red banners with slogans against the government, the United States and the Soviet Union, about 2,000 youths to-day gathered outside Athens university. Speakers attacked the recent agreement with the United States under which Greece is to receive \$700m. in military aid in exchange for the continued operation of American military bases on Greek soil. Reuter



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Political programme issued in Ethiopia

ADDIS ABABA, April 21. ETHIOPIA'S PROVISIONAL Military Government today issued its first detailed political programme heralding "people's democratic republic" and "the spreading of socialist philosophy."

The programme on "national democratic revolution" included regional autonomy for various nationalities, which may hold significance for the Red Sea province of Afar where secessionists are waging guerrilla warfare against Ethiopian forces.

The major policy statement was the first detailed political analysis from the military rulers since they took power from the late Emperor Haile Selassie in September, 1974.

In the programme, they declared their support for all democratic parties with anti-feudal and anti-imperialist objectives, in order ultimately to set up a "people's democratic republic."

The programme said the formation of a united revolutionary front was necessary before the election of a People's Revolutionary Assembly and the creation of a republic under the leadership of a working class party.

No timetable was given for the programme, but a separate proclamation announced the establishment of a people's Organising Provision Office with a 15-man commission working with the Head of State through a "supreme organising committee."

The commission's task according to the Government programme, is to co-ordinate "the spreading of socialist philosophy... as well as to facilitate the efforts of the masses to organise themselves and their struggle to form a people's revolutionary front."

Informed sources said such a "poliburo" already exists to advise the country's military rulers, and that the provisions of political parties have been canvassed by some of its members who support Chinese-style socialism.

Publication of the programme had been widely anticipated following increasing pressure from various groups which maintain that it was not only the military which was responsible for the overthrow of the feudal regime.

To-day's announcement followed a rare radio broadcast last night by the first Vice-Chairman of the Provisional Military Administrative Council, Major Mengistu Haile Mariam, on the progress of the revolution.

Israeli troops reinforced amid West Bank clashes

REINFORCED ISRAELI Army units maintained an uneasy peace today in the occupied West Bank of the Jordan, but clashes were reported between the troops and rock-throwing crowds.

Security forces were strengthened throughout the West Bank and in East Jerusalem to prevent new outbreaks of violence following an upsurge of Arab unrest.

Shops were closed and pupils stayed away from school in the West Bank town of Tulkarm, where Israeli military authorities imposed a curfew on the market and the nearby Arab refugee camp, after crowds had set up barricades across main roads.

Police with batons quickly dispersed a group of Arab schoolgirls who set fire to some tyres in the Old City of Jerusalem.

About 40 Arab girls staged a demonstration march from Temple Mount in Jerusalem, but scattered when they saw Israeli troops approaching.

Elsewhere all was quiet in the Territory, scene of increased tension since a two-day march through the West Bank earlier this week by an estimated 30,000 Israeli nationalists.

The march organisers maintained that Jews have an historic right to all of biblical Palestine—including the West Bank which Israel has occupied since the Six-Day War of 1967.

The Mayor of Tulkarm, Mr. Hilmi Hanoun, has said that Arab unrest will continue throughout the West Bank as long as Israel establishes new Jewish settlements in the area.

Five West Bank Arabs have died since the latest wave of protests against Israeli rule began late in January.

Occupation authorities have moved in unusually high numbers of police and border guards to patrol Arab Jerusalem since this week's march.

JERUSALEM, April 21. The Israeli Government so far has authorised only 21 new towns at strategic points along the River Jordan. The Prime Minister, Yitzhak Rabin, toured the region on Tuesday and declared the Jordan a border vital for Israel's security.

"No settlement was built to be dismantled," he said. He has promised that the Cabinet will soon hold a debate to come up with a definitive West Bank policy.

Mr. Rabin told the Al Hamishmar newspaper that the Government was ready to negotiate territorial withdrawals to reach a settlement with Jordan, but would submit the final version of any agreement to the people before returning occupied territory.

Agencies

Beirut tense with PLA still active

By Michael Tingay

BEIRUT, April 21. TROOPS of the Palestine Liberation Army were expanding their patrols in western Beirut today as efforts continued by the Higher Military Committee to enforce the latest ceasefire.

PLA troops, which have been conspicuously absent since their peace-keeping activity in west Beirut in January and February, had already moved into the museum area after yesterday's meeting by the Committee. The Esselby Villa and Ministry of Health buildings there are the two meeting places of the body formed of Lebanese, Syrian and Palestinian officers.

While the PLA searched for positions along the battleline there were conflicting reports as to whether the Nasserite Mouawadoun forces, which have been firing on the crossroads, had actually pulled back their guns.

PROSPECTS FOR THE FIJIAN ECONOMY

A living on the coral

BY A CORRESPONDENT IN FIJI

SWAYING palms and tropical seas are no consolation when the paraffin for the stove and refrigerator runs out, and when the car petrol tank goes dry. It happened in Fiji during an 11-day strike of fuel truck drivers, now ended. Conciliation talks about the drivers' demand for a 20 per cent pay increase will be held.

Petrol, diesel, and kerosene are as much the lifeblood of these islands as the sugar cane juice and coconut oil of its staple crop. Diesel powers the electricity plants. The strike served to re-emphasise Fiji's complete reliance on outside fuel sources, a dependence which has hit the islands hard.

Higher air travel costs have chopped off the upward curve of income from tourists. The 11,000 miles from London, 1,400 from Auckland, New Zealand, the 5,500 from San Francisco, the 1,700 from Sydney, the 6,800 from Tokyo have become expensive miles. High costs will prevent Fiji from becoming a tourist sump. Only the better off and those taking a "once in a lifetime" trip can afford to come. But once here, the expense is worthwhile.

Fiji is currently enjoying its best external payments in a decade. High sugar prices have enabled the reserves to climb above \$750m. (about \$81m.). But sugar output has been declining for years. Farmers are not producing as much as they could. The reasons are rooted in the historic make-up of the Fiji nation. The Fiji tribes own the land. Indian tenant farmers on short leases do the producing. It says much for the basic phlegm of all Fiji citizens that in spite of major economic aggravations, theirs is a multiracial society working determined at peace with itself, and to date succeeding admirably.

The population is 51 per cent Indian, descended from the indentured labour which the British brought in; 42 per cent native Fijian—those erect, broad-shouldered Pacific islanders of the tourist brochures; 2.5 per cent part European, 0.5 per cent Chinese, with "all others" accounting for the rest.

The ruling Alliance Party is that of the native Fijians with part-European and European supporters and with some support from Indian alliance members. The Opposition National

Evidence of heritage is slow: shadowed by a s factured goods f Australia. Fijia left, they have r the public bars women, and the fleet of aging B land buses. Bri major country d that buys more i sells in return.

There are of those who will ducts and dove as import subst ports. For exan ginger—"gather in the bush." lately tailored A resplendent in b put it. But s exported as sil a better price, presently sold a more if exporte

Among deri what Fiji wants But, what Fiji attraction ad intangible inco ing palms and c friendly people islands, fresh pu

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Thailand P... company in profit Mr. Seni Fra leader of the De yesterday offic: land's next Prim Reuter from Ba said he would s list, already a leaders, to the it is expected ti Ministers would

Nigerian si An order for 2 locomotives an about \$21m. in the Nigerian Re with Brush Elec Hawker Siddale first of these t 0-6-0 locomotive: early next year.

Japan's economic upturn

BY PETER DUMINY

TOKYO, April 21.

JAPAN'S PUBLIC transport forging ahead, implying no worries about wage increases may be coming out too low to stimulate consumer spending and business activity generally.

However, many of the figures being quoted are on closer examination incomplete or otherwise unconvincing. Strongly

that the utilities bumped up their capital expenditure programmes by \$2.5bn, to \$8.5bn, largely because Miti, prodded them into doing so. Whether Miti will be as successful in getting them actually to spend the money, is thought to be quite another matter.

Manufacturing industry presents a mixed picture according to the Miti figures. The steel industry's outlays are due to rise 20 per cent to \$4.8bn, and those of the motor manufacturers by 18.6 per cent to \$1.3bn. However, investment by the oil refiners are booked to fall 30 per cent to \$1bn, and those by petrochemicals makers by 25 per cent to \$875m. There would also be declines in the non-ferrous metal and paper and pulp industries.

The economic planning agency claims to be especially pleased with the latest crop of labour statistics. These show the first upturn in employment of so-called regular employees for 14 months, that overtime has crept up for nine months in a row, and that the ratio of job seekers to job offers has fallen for the third consecutive month.

One sign of this is the stress still being laid by the economic planning agency on February's 15.7 per cent, year-to-year increase in department store sales (the leading consumption indicator), even with the March figure already out and showing a rise of only 7.7 per cent.

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BOYCOTT OFF

The Lockheed payments issue went visibly off the boil yesterday when Japan's three main Opposition parties agreed to resume parliamentary activities after a six-week boycott. Public opinion on the issues failed to build up as the Opposition must have hoped. They have accepted a face-saving formula, worked out by the Speakers of the two Houses and presided over by Mr. Takeo Miki, President of the Liberal Democratic Party.

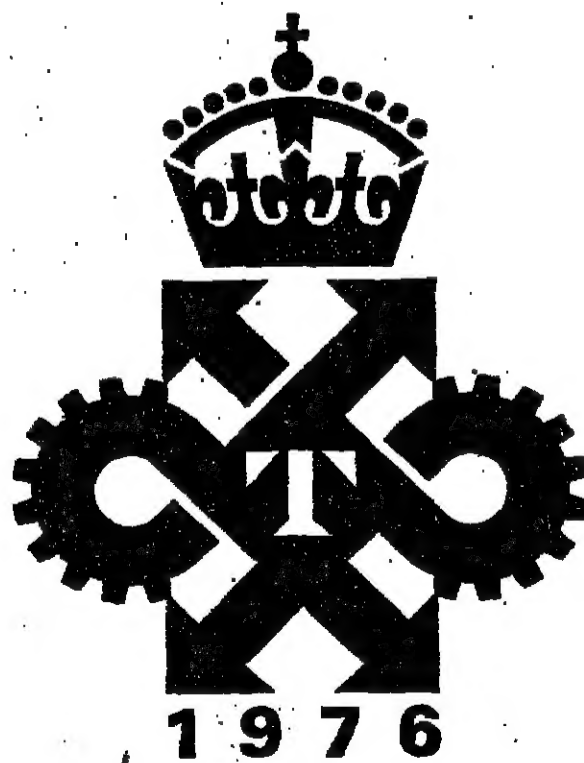
The Diet will get back to work immediately. For the past six weeks Budget Bills have been the only ones looked at.

Most trains and subways (most of the latter privately owned) will have been idle for 72 hours throughout the country, if the strike runs its full course until midnight to-morrow. The only possible alteration to this programme appears to be that subway workers will soften their demand for an average 10 per cent wage hike and return to work during the day. Management's latest and probably final offer is around 9 per cent.

All this tends to show that labour has adopted an attitude of cooperative restraint this year, both in not making the spring strike bigger than last year's model, and for being willing to settle for substantially less than last year's 15 per cent.

Meanwhile officials take the line that the economy is now

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5.5	2.5	(2.9)	(0.4)	(0.2)
6.7	1.8	(4.8)	(3.0)	(1.3)
8.3	13.7	(0.8)	12.9	4.6

TIMES REPORTER


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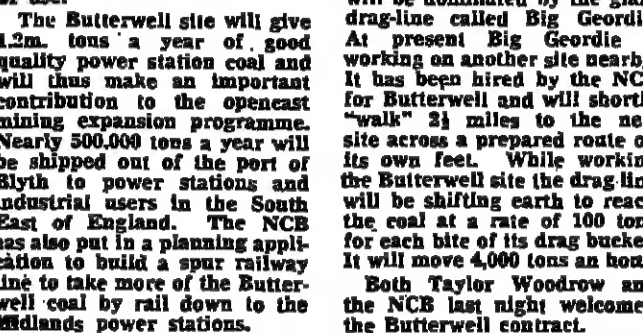


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BY ROY HODSON

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BY RICHARD EVANS LOBBY EDITOR

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

One explanation for the fall in Scottish production was that the Harp lager brewery in Edinburgh was installing new equipment. The company's directors claim that March will not be as bad, the signs are that increased prices are having their impact and the recession has at last reached the industry.

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DA3

The star system in tennis works to the advantage of the successful player. John Barrett argues that this need not be bad at all for the sport provided there is a

Stairway to the stars for the younger players

THE RICH get richer, and the poor get poorer—a tendency in life that is perfectly reflected in today's world tennis scene. While the on-court earnings of the top seven men professionals last year—headed by Jimmy Connors, on \$800,273—all surpassed \$200,000, and totalled a remarkable \$2,108,566, and the same week, the once-great Manchester tournament is to be revived with local sponsorship. A week later, the Robertson tournament at Beckenham has topped six women—led by the record-breaking earnings of \$12,850. And at a lower level, \$12,877 by Chris Evert—each exceeded \$100,000 to total \$1,127,871 between them. It became harder than ever for the aspiring young professional to break into this charmed circle.

Meanwhile, on less lush British pastures—where open tennis was born eight years ago and another season opened last Easter week-end with the holiday tournaments at Southport and Birmingham, followed by the Robinsons event in Norwich this week—the singles winners will each receive £80.

However, the British game is healthy enough at its three peaks, the £52,000 Coca Cola hardcourt championships at Bournemouth next month for men and women, the mid-June £50,000 John Player tournament for men in Nottingham, which coincides with the £50,000 Colgate tournament for women at Eastbourne, and on the following week, Wimbledon itself. The prize money here is up by £40,315 to £157,740. The two autumn events are the Dewar Cup (\$100,000 for men and the women's prize money has yet to be announced) and the new £54,650 Benson and Hedges tournament for men at Wembley.

Even though there are casualties elsewhere—such as the venerable Surrey championships at Surbiton, ended through the decision of Britain's original tennis sponsors, Rothmans, to finish their long association with the game—there are welcome

additions. The successful Chichester tournament at the start of June is being supported by Schweppes, under their Rose's Lime Juice banner. The same week, the once-great Manchester tournament is to be revived with local sponsorship. A week later, the Robertson tournament at Beckenham has topped six women—led by the record-breaking earnings of \$12,850. And at a lower level, \$12,877 by Chris Evert—each exceeded \$100,000 to total \$1,127,871 between them. It became harder than ever for the aspiring young professional to break into this charmed circle.

Then in the autumn there is the £20,000 Trophée Pernod, a three-tournament circuit including events for international under-21 players, as well as open senior events. Thus despite the unfavourable economic climate, the sponsors in Britain already mentioned, plus those other two strong supporters of the junior game, BP, with their International Tennis Fellowship, and Green Shield, with their grass roots scheme will together spend some \$415,000 on tennis. This figure does not include the Wimbledon prize money, or the extra £100,000 approximately (twice last year's amount) that Wimbledon will raise from commercial companies. But what is proving difficult in Britain now is to interest sponsors in support for the developing players, for whom the ravages of inflation are making it difficult to pursue a tennis career.

This polarisation between the super-rich superstars, and the struggling apprentices, is both inevitable and even necessary in a healthy professional sport, provided there is a stairway to stardom for the talented youngsters to climb. One of the most heartening developments, therefore, has been the integration of men's and women's small satellite circuits, with the mainstream events first in America

and now elsewhere, through the co-operation of the two players' unions, the Association of Tennis Professionals (ATP) and the Women's Tennis Association (WTA).

The spring circuit

The European spring circuit for men has been enormously successful, as has been the eight-tournament World Association of Tennis Champions (WATCH) circuit in Florida, where our ninth ranked man, Richard Lewis, has been learning his trade. This week the leaders play the WATCH finals for prize money of \$10,000, and precious ATP points on the computer ranking list—a mathematical measurement of achievement by which entries for all Grand Prix tournaments are decided.

Mr. Bob Briner, who has recently taken over from Mr. Jack Kramer as executive director of ATP, told me: "We see this development as the most vital of all our current activities. Mobility between levels of tournaments, based on performance, is essential to promote a healthy growth within the professional game. Already the Sugar circuit in South Africa, the Bolter circuit in Sweden, the New Zealand New Year circuit, and the Pacific NW circuit in America have indicated their intention to fulfil the conditions we have proposed."

The Women's Futures Tennis Tour, jointly promoted by WTA and the U.S. Tennis Association (USTA), does a similar job for the women, but with an even more immediate reward for success. Besides having a \$10,000 play-off final for the eight-points leaders, like the men, at each of the nine weekly

tournaments, the semi-finalists are promoted to the following week's Virginia Slims tournament—the \$800,000 women's American circuit that has been breaking all records. The 10 weeks of indoor play have drawn 306,880 spectators, a 40 per cent increase on last year's figures. That does not include attendances for last week's \$150,000 Los Angeles play-offs, which were won on Sunday by Evonne Cawley with a rare victory over Chris Evert.

Even before the final tournament had begun last week in Los Angeles, Australia's Mrs. Cawley had assured herself of the handsome Silver Ginn Award, the prize for circuit winners which has been won in previous years by Billie Jean King (1972), Margaret Court (1973), Chris Evert (1974) and jointly by Miss Evert and the dynamic young self-exiled Czech, Martina Navratilova (1975). In winning five of the seven tournaments she has contested (she lost in the final of the other two) Mrs. Cawley has won a total of 33 matches. The last 15 were won without conceding a set. She has already won \$83,675 this year, to Miss Evert's \$79,725, and Britain's successful U.S. sporting franchise, the Phoenix Racquets franchise, which changed hands for \$200,000 in 1974, is now worth between \$3m. and \$5m. If the league succeeds this year, then his lesser figure will be near the mark, because there is great prestige as well as profit associated with ownership of a successful U.S. sporting franchise. The arrival at Phoenix of Romania's colourful Ilie Nastase, to sign for the Hawaii position before the start of last week's final.

With three other \$100,000 tournaments, the Legg World Series in Dallas in January, the Bridgestone Tire Doubles in Tokyo, and Florida's Family Circle Cup, both in April, plus half the \$80,000 prize money for the mixed doubles tournament in Dallas in January, the women will divide \$1,240,000 in the first third of the year, with the income to look forward to from team tennis, in which most of them will take part, as well as

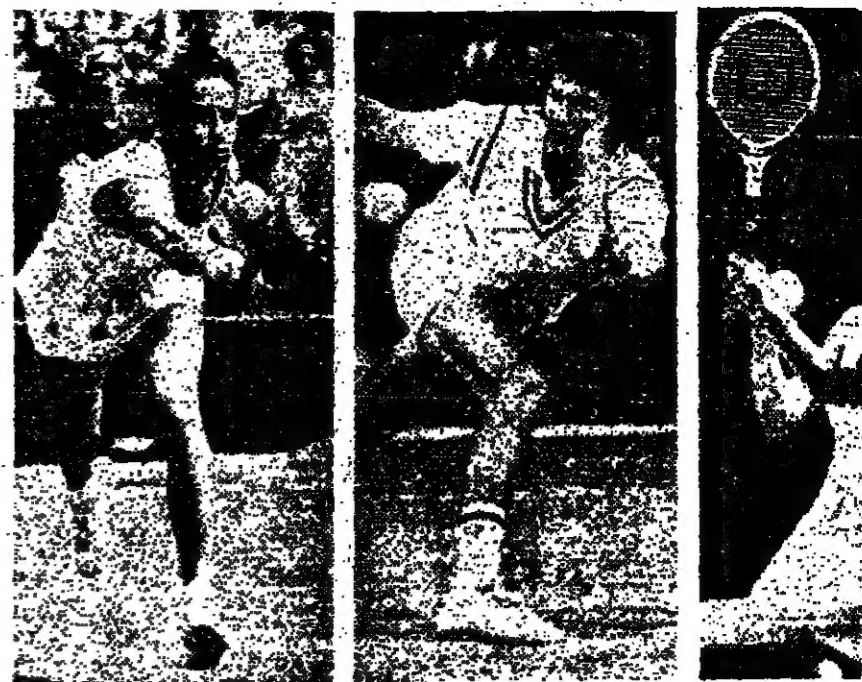
the Grand Prix championships like Rome, Paris and Wimbledon that include women.

The survival of team tennis in America has been one of the game's major success stories—against the odds. The inter-city league concept was opposed by the establishment at all levels. But after a year of near-disaster in 1974, a revamped league last year broke even, and made profits for some owners. The current president is Mr. Larry King, Billie Jean's lawyer husband. He was one of the four founders who in 1974 sold the 16 original franchises for \$50,000 each. Many of them have changed hands since then and there have been some flamboyant failures, like the much-vaunted Philadelphia Freedoms, where Mrs. King and our own Buster Mottram were among the original members.

Mr. King estimates that the Phoenix Racquets franchise, which changed hands for \$200,000 in 1974, is now worth between \$3m. and \$5m. If the league succeeds this year, then his lesser figure will be near the mark, because there is great prestige as well as profit associated with ownership of a successful U.S. sporting franchise. The arrival at Phoenix of Romania's colourful Ilie Nastase, to sign for the Hawaii position before the start of last week's final.

If team tennis succeeds and expands, it can only be at the expense of the Grand Prix circuit. The decision last week of Commercial Union to end their association with the \$5m. worldwide points-linked circuit, which has established professional tennis as a major world sport, might not be so badly timed.

The £1.5m. CU will have spent during their five years' involvement has represented excellent



Miss Virginia Wade (left), top-earning British tennis star, made \$134,000 last year. Evert (right) was the most successful woman player internationally, taking \$209,000. Mr. Jimmy Connors led the men with \$309,000.

value in achieving their original objective, which was to gain wider recognition for their name in areas where it was hardly known. Even if the company had not turned in bad results recently, it might still have decided to leave the scene, and the significant thing is that there is no shortage of companies waiting to take over the role as the world's major sponsor.

Mr. David Foster, the British-born chairman of the giant American conglomerate, Colgate-Palmolive, would value the chance to do in men's tennis what he has achieved so dramatically in women's golf and seems likely to achieve in women's tennis through his company's association with the Federation Cup.

There is a German giant, too, Adidas, whose promotional ambitions in tennis would be well served by becoming the Grand Prix sponsor. And there are others too waiting in the wings for the chance to spend their money on this boom sport of the moment.

A clean image

At first sight it might seem surprising that there is such a flood of money pouring into tennis, but more and more companies see the value of associating themselves with a world-based sport that largely projects a clean, bright image. In America where 25m. play tennis regularly and another 50m. play occasionally, skill in the game has become a socially desirable accomplishment. There are now at least 120,000 courts in the U.S., an increase of 10,000 in the past year. At the beginning of 1974 there were almost 31m. Americans playing indoor tennis on 7,000 courts. There are now some 7,500 courts at 1,530 indoor centres which, over the past three years, have been opening at the rate of almost one per day. The tennis-mad American public spent, \$330m.

on equipment alone last year and millions more on private courts, club subscriptions and tennis camp holidays. That is the extent of the boom.

This soaring interest is reflected in the expanding prize money at the U.S. part of the Grand Prix tournaments. This year the 14 stops on the circuit will offer at least \$1.6m., an increase of \$450,000 on 1975. The money comes largely from commercial organisations who see professional tennis as a sound investment in terms of advertising and public relations. There is no sign that the flood is abating. Indeed the Grand Prix bonus pool which this year will total \$1m., is expected to reach between \$1.5m. and \$2m. next year with a first prize of perhaps \$300,000 against the \$100,000 offered last year.

Part of this increase may come from the most successful of all the independent groups—World Championship Tennis—a Dallas-based corporation specialising in tournament promotion and tennis-oriented real estate development. Their streamlined 13-tournament World Series of Tennis next year is expected to become part of the Grand Prix—something that would greatly strengthen both. It would also bring the wheel of rooftop full circle for ironically it was the tacit objective of the Grand Prix when it was founded in 1970 to kill off WCT who were then threatening to undermine the traditional tournament came by signing star players to large-sum individual contracts.

During their nine years in tennis WCT have distributed a massive \$11.7m. in prize money and they have always been prepared to innovate and experiment. This year for instance a new Avis challenge series worth \$350,000 has been superimposed upon the existing \$2.4m. prize money structure of a proposed tournament. Vantage doubles bonus pool that augments the \$115,000 singles pool supported by the Hagar Slacks Company. Controlling this rapid expansion

has been the especially in the sheer weight of complications. Laws have been passed. The International Tennis Council has been set up to control the more traditional traditional Federation of women's play — are at the heart of the game. Work amid a array of late pressure players' agent companies. Interests. Judgments. Achieve. So be doing a further step when the names—represent to in America. I of the announced. Perhaps in the end resulting from tournament competition a two-week ball's World. Lurching from with some British men. In earnings the make in the miss, at leading American. Simply. The Wrightman. Leonard's reluctance women player. Offered to it. The two can. Conflicts of cannot pay upward climb.



There are two sides to every argument.

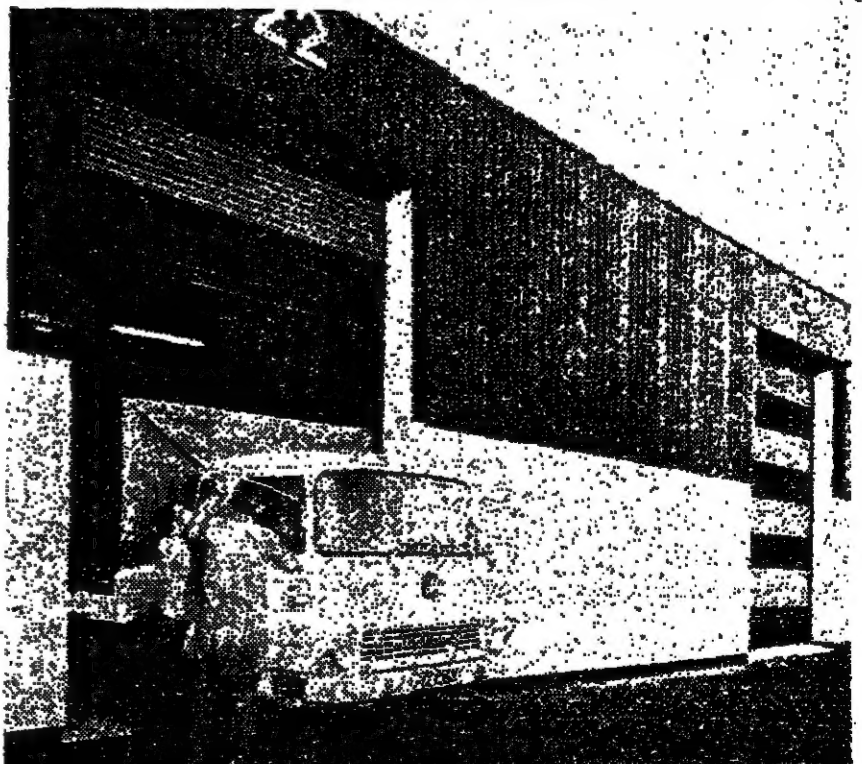
It's an argument as old as Martini itself. The purists insist that the only way to enjoy Martini's subtle, zesty taste is to have it neat - on the rocks. Dry Martini cocktail drinkers, on the other hand, are equally convinced that when you add gin to Martini Dry, the result is something close to perfection. Well, we're not taking sides - we think they're both right. In our view, no matter how you drink it, you can't go wrong with the right one.

The right one. Any way. MARTINI



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For full details contact: Mr. Michael Thomson, Commercial Director, Irvine Development Corporation, Perceon House, Irvine, Ayshire KA11 2AL. Tel: Irvine 4100.

Irvine New Town

HOME NEWS

Dublin Government bans Provos' Sunday demo

BY OUR DUBLIN CORRESPONDENT

THE Provisional IRA's planned demonstration Sunday for the centre of Dublin on Sunday was banned last night by the Irish Government.

Although it is the first time a parade has been banned here since the 1930s, it was not unexpected because of the Government's hard-line policy against the IRA. Two months ago, the Government had a successful confrontation with the IRA over the funeral of the hunger striker Frank Stagg.

The Government's action is designed to show Loyalists in Northern Ireland that it will not allow the Provisionals to parade openly in public.

Sunday's meeting has been banned by the police under the Offences Against the State Act, the principal piece of legislation for dealing with terrorists.

Although the police are expected to allow the meetings to take place, they indicated that they will prosecute the organisers.

men, due in Dublin shortly, also expected to be asked to use its influence to stop the flow of funds to the IRA.

Dr. O'Brien told the Congressmen that the IRA was continuing the historic struggle for freedom, ignored the fact that all those using violence in Ireland today were doing so against the overwhelmingly strong majority of the people north and south of the border. The IRA was fighting against the will of the people in order to impose its own will.

Warders' protest

There was no parallel with the American revolution in the IRA campaign nor was there in their ideas. The IRA's concept of freedom was in militarist, authoritarian and fundamentally irrational systems, he added.

Prison warders in Ulster are expected to end their protest action over attacks on their colleagues by the Provisional IRA by tomorrow following a decision to allow off-duty officers to carry firearms.

Officials at Ireland's Foreign Affairs Ministry have denied that criticism yesterday in Luxembourg by Foreign Minister Dr. Garret FitzGerald of the lengthy procedures of the European Commission on Human Rights constituted an attempt to speed up settlements of the "torture" case brought by the Republic against Britain.

Ministry pledge on steel projects

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

A PROMISE that it will not be too long before a decision is reached about at least one of the major British Steel Corporation projects was made last night by Mr. Leslie Huxford, new Parliamentary Under Secretary at the Department of Industry.

At the annual dinner of the Process Plant Association he said the Government recognised that the nationalised industries' ordering programmes were vital to prospects for the industry.

"On the steelworks side, it is probably the two projects at Redcar and Port Talbot that are the biggest concerns to the fabricators. Both the BSC and the Government are well aware of the urgent need for decisions on these. These are complex matters but I am hopeful that it will not be too long before a decision is reached on at least one of these."

Mr. Huxford could hold out no such promise for the companies anxiously waiting for a decision about the power station ordering programme.

"All I can say is that the Government is fully aware of the very serious implications for the companies concerned and for their opposite numbers in the turbo-generating industry and is doing everything possible to enable a decision to be reached within the next few months."

Only a week ago it was revealed that four process plant concerns were among the first half-dozen companies involved in discussions about planning agreements. They are Babcock

and Wilcox, Clarke Chapman, Head Wrightson and Whessoo.

Mr. Huxford said last night that if the Government's industrial strategy were designed to advance the performance of industry at the sectional level, "planning agreements aim to achieve much the same end, but operating through particular key companies whose performance is crucial to the performance of the sector as a whole."

Mr. Huxford added: "The Government's approach to this new system is wholly pragmatic and will be developed with maximum flexibility."

Having a say

"We do not seek to impose a particular system on the companies concerned, nor to interfere with management's ability to respond to changing market opportunities. We want workers, through unions, to contribute to planning agreements by being taken into management's confidence and by being given the chance to have their say."

Mr. John Eithwaite, chairman of the association, urged the Government to "take the shackles off manufacturing industry, get rid of price control, at least on capital goods where it stifles investment, give even more assistance to capital goods exports, let the worker keep more of what he earns and above all put money extracted in taxes back into manufacturing industry and not into pleasing idealists."

TUC verdict ensures Scottish Labour unity on devolution

BY CHRIS BAUR, SCOTTISH CORRESPONDENT IN PERTH

SCOTTISH trade unionists yesterday called on the Government for additional ammunition in the fight back they are clearly impatient to launch against the Scottish Nationalists on the crucial devolution issue.

Delegates at the Scottish TUC's annual congress in Perth shrugged aside a demand for a referendum on Scottish separation and, like Labour's Scottish conference last month, voted unanimously for the proposed Scottish Assembly to be given stronger powers, notably over industry.

The debate set the seal on the united front on devolution which the political and industrial wings of the Labour movement in Scotland have been striving to secure since the Government published its controversial Assembly proposals last November.

Betrayal

The new Minister of State in the Government's devolution unit, Mr. John Smith, who attended the conference, acknowledged this "consensus of opinion" which had developed in Scotland and which would be taken into account by the Government as it drafted its devolution legislation.

He said the debate was constructive and showed an impressive unanimity of opinion between the Scottish Nationalists, Congress, had demonstrated its determination to maintain the political and economic unity of the U.K. while securing the Government's position that

devolution was absolutely necessary and desirable.

The call for Labour to start for 36 seats in jeopardy at the next election. The devolution policy was not being promoted to appease the Nationalists but because it was something worth while for Scottish working people.

He said: "We must now bring home to every person in Scotland the real and permanent dangers posed by any separatist victory. We must drive home the financial and social costs to the ordinary people of the break-up of the U.K. which would be a brutal and direct consequence of rupturing our links with the rest of the country and its economy."

"We know the separatists, a party of political chameleons—left-wing radicals in the cities and right-wing federalists in the country." Nationalism, he added, was like "the old cockerel crowing on its own dunghill, representing the politics of greed, selfishness and self-interest, the very betrayal of Scotland's greatest heritage."

Mr. Alex Kitson, the Scottish TUC treasurer and executive officer of the TGWU, said that without meaningful economic powers at its disposal, the Assembly would fall short of Scottish expectations. Devolution, with a sensible division of economic functions between Westminster and Edinburgh, was the only way to contain the separatists.

Dismissing the call for a referendum as a "delaying tactic," Mr. Kitson added: "You cannot just write aside the Scottish National Party. We have the next election. The devolution policy was not being promoted to appease the Nationalists but because it was something worth while for Scottish working people."

Mr. George Smith, general secretary of the Union of Construction Allied Trades and Technicians, argued that a referendum was essential to make it clear to the rest of the U.K. that Scottish people rejected separatism. He added that the recent political unrest in Scotland would be ended only by radical changes in economic policy rather than by the creation of new levels of government.

The conference called for the Assembly to be given complete control of the Scottish Development Agency and the Highlands and Islands Development Board and for Westminster's powers of "veto" over Assembly legislation to be softened. It also wants the Assembly to have responsibility for Scottish universities, the legal system and courts and the administration of agriculture and fisheries.

Loan rate cut

THE Agricultural Mortgage Corporation has cut its lending rate on fixed-rate loans by half of 1 per cent to 14½ per cent. The rate on new variable loans remains at 12½ per cent.

Ulster Office appeal over Cahill award

BY OUR BELFAST CORRESPONDENT

THE Northern Ireland Office said it intends to appeal against an award made yesterday to Mr. six bullets in his milk float. Thomas Cahill, the 40-year-old brother of former Belfast Provisional IRA leader, Joe Cahill.

Damages of £20,000 were announced at Belfast's Criminal Injury Court for wounds which Mr. Cahill received when he was shot while driving his milk float on a Republican Falls Road five years ago.

Although the gunmen involved were never traced the shooting law on criminal injuries, there came at the time of a vicious feud between the Provisional and Official wings of the IRA.

Subsequently, Mr. Cahill was jailed for two years for having an award made yesterday to Mr. six bullets in his milk float. Thomas Cahill, the 40-year-old brother of former Belfast Provisional IRA leader, Joe Cahill.

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Housing now 53% owner-occupied

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

THE OWNER-OCCUPIED housing stock is continuing to grow rapidly and well over 70 per cent of the population would like to own their own homes, according to the Nationwide Building Society.

In a summary of recent housing trends, based on its own surveys and other published information, the Nationwide says that 3 per cent of the U.K.'s 20m. wellings are now owner-occupied, over twice the figure recorded 30 years ago.

Demand for ownership, the society says, should continue at the current high level, with particular pressure coming from the young.

According to the Nationwide, about 41 per cent of owner-occupied homes are being purchased with a building society mortgage, while 43 per cent are bought outright. The remaining purchasers have other types of loans on their property.

Commenting on the survey, Mr. Leonard Williams, chief general manager of the Society, pointed out that the U.K. housing stock is still increasing by well

over 200,000 units annually, although the net increase in actual households has fallen to an estimated 150,000 a year.

As a result, there is now an overall surplus of about 850,000 houses and flats, and the figure is growing. Local shortages remain, however, especially in London.

The Nationwide emphasises that the crude surplus of houses does not reflect the quality of the existing housing stock and, with rising standards, it is to be expected that some proportion of the available property will always be regarded as inadequate.

Some of the surplus was necessary to allow for mobility, but there was clearly no longer the same overall shortage which existed in the 1950s and 1960s.

Mr. Williams added: "The population is now fairly stable and the main future needs in housing will be to continue to provide for the net increase in households, to renew poor quality housing, either by new building or renovation and to ensure that enough suitable property is available to meet the desire of most people to own their homes."

Ex-Haw Par chief hits at appeal adjournment

BY MARGARET REID

MR. DONALD OGILVY Watson, formerly managing director of the Singapore-based Haw Par Brothers International, yesterday described as "extraordinary" the adjournment of his appeal against the requirement of his appearance before inspectors inquiring into the company's affairs.

Last October, Mr. Ogilvy Watson was sentenced in his absence to a year's imprisonment if he did not give evidence there within a month to the inquiry. He has not returned to Singapore and an appeal against the judgment had been lodged on his behalf.

The notice to appear was issued by Mr. Graham Starforth Hill, the Singapore lawyer who was one of the inspectors appointed last July to inquire into Haw Par, in which, in earlier years, Slater Walker Securities had had a sizeable share stake.

Mr. Hill resigned from the inquiry in October, saying that his position involved "a clear potential conflict of interest." The other inspector, accountant Mr. Philip Grundy, has recently submitted his report. In it, he said that the sudden departure of Mr. Ogilvy Watson and of Mr. Ian Tamblay, former Haw Par deputy managing director, "has been a considerable hindrance to me."

Mr. Ogilvy Watson said yesterday that his appeal challenging the validity of the notice to appear personally had been due to be heard before the Singapore Court of Appeal last Monday.

"I had intended to assert in the Court through my lawyer that Mr. Hill had no right to sue the notice and that he had acted fairly towards me in the conduct of the inquiry. At the end of last week I heard from my Singapore lawyers that the appeal was not, after all, to take place although it had been pending for about five months, and though I had instructed an English Queen's Counsel."

Mr. Ogilvy Watson went on to

say that the delay had apparently been caused because the inspectors served a summons last week asking him to deposit some £2,000 as security for the costs of the appeal.

"Therefore, instead of my appeal, this summons was heard last Monday and the Singapore Court of Appeal ordered me to provide the security asked for. I am advised by my lawyers that it is extraordinary for an appeal to be adjourned in these circumstances."

Mr. Robert Wellings, of solicitors Herbert Smith, legal advisers to Mr. Ogilvy Watson, said that the latter was likely to pay the £2,000 and that the appeal case was expected to come up within the next month or so. It is understood that Mr. Anthony Lincoln QC had been retained to appear for Mr. Ogilvy Watson.

Mr. Ogilvy Watson also said that he had repeatedly made clear his willingness to give his evidence in full to the inspectors in England "and I have in fact given a full statement to the Hong Kong authorities."

Mr. Wellings said that the latter statement had been made in effect to the Hong Kong Attorney-General's department in relation to Spydar Securities, the private Hong Kong company through which Mr. Ogilvy Watson, Mr. Jim Slater and other former senior executives of Haw Par or Slater Walker Securities are alleged to have made profits of some £1m.

In his recent report about Haw Par's affairs, Mr. Grundy stated that, on a strictly commercial basis, deals between SWS and Haw Par, although dictated by Slater Walker's requirements, were not inequitable. Mr. Ogilvy Watson said, after details of the report were released to the Singapore Press earlier in April, that he felt he had a full and complete answer to any material criticisms Mr. Grundy might have.

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In his recent report about Haw Par's affairs, Mr. Grundy stated that, on a strictly commercial basis, deals between SWS and Haw Par, although dictated by Slater Walker's requirements, were not inequitable. Mr. Ogilvy Watson said, after details of the report were released to the Singapore Press earlier in April, that he felt he had a full and complete answer to any material criticisms Mr. Grundy might have.

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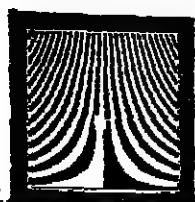
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The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

METALWORKING

Multi-unit speeds production

USING 13 cutting elements, an automatic multi-unit machine simultaneously operates on all three faces of an engine oil pump body—doing the work of three capstan lathes and five single spindle drilling machines, at the Tipton, Staffs works of Burman and Sons.

This German-built Diedesheim machine has enabled Burman to accept orders for engine oil pump bodies for the new Ford Bobcat car which is to be made in Spain.

Some 4,000 Bobcat pump bodies are produced every week, working an 8-hour shift. Each is produced in a cycle time of 20 seconds—about one-sixth of the

time required when using conventional methods.

The frame of the machine is symmetrical, but the heads are mounted in primary cylinders which can be rotated 306 degrees on their axis. This increases the versatility of the machine which cost about £120,000.

During operation, aluminium body castings are loaded into one of six chucks mounted on the vertical indexing drum of the machine. The component passes through six machining stations as the head indexes, and all three faces of the body are machined. The machining sequences include drilling, tapping, turning, boring, cross-filing, counterboring and chamfering. After these operations the component is transferred to other machines which produce the centre shaft hole and the counterbore for the filter relief valve.

The machines are marketed in the U.K. by the Sykes Machine Tool Company, Hyde, East House, Chertsey Lane, Staines, Middx. (Staines 55474).

Bores holes in big components

CAPABLE of milling and boring components weighing up to 3,000 kg, the Model "R" heavy duty milling machine built by Suchman, of Italy, was designed at Milan University.

Among the main features of the machine are manual, automatic and dual controls, hardened bedways, 360 deg. slewing head, and optional optical reading system or digital readout.

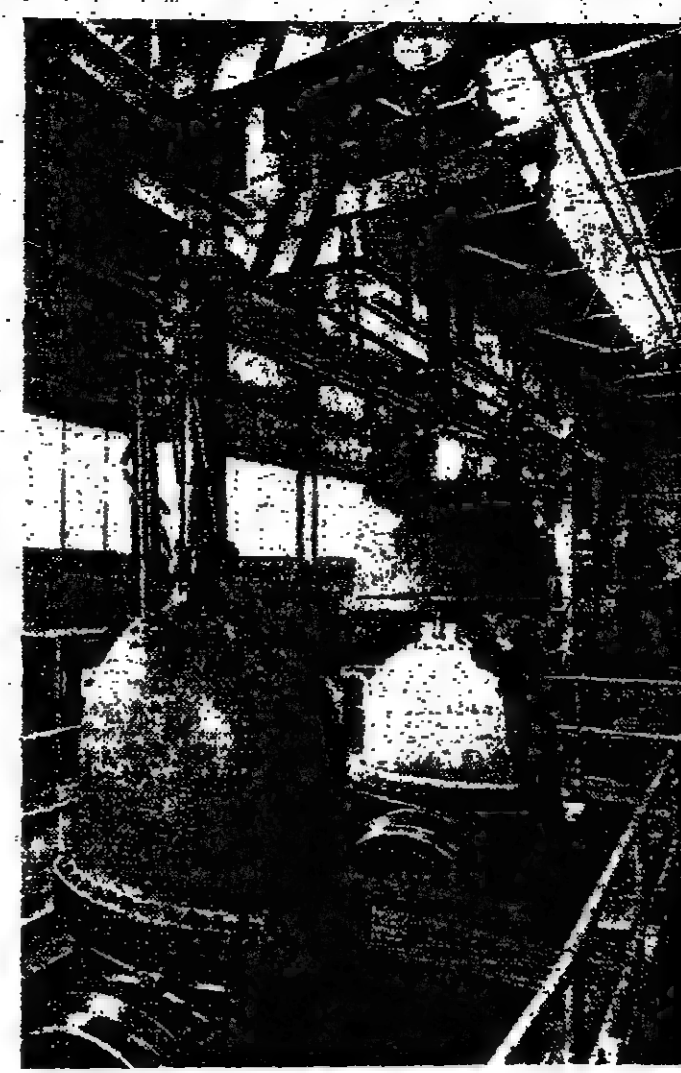
Gross traverse is 745mm, longitudinal traverse is 1,800mm, and there are 18 longitudinal, cross and vertical feeds, ranging from 1.5 to 600 mm/min—rapid traverse is 2,000 mm/min on all three axes. The table is 200 x 360mm.

Spindle centre line is 750mm from the column, and the spindle nose is 825mm from the table.

The over-arm moves transversely and houses the gearbox, providing 13 spindle speeds from 30 to 2,000 r.p.m., driven by a 15 h.p. motor.

It is marketed in the U.K. by W. E. Norton (Machine Tools), Dore House Farm Industrial Estate, Orgreave Close, Sheffield S13 9LD (0742 687341).

Large steel valves under construction at the factory of Triangle Valve Company, Wigan, Lancs., for the Trans-Alaska oil pipeline project. They are part of an order for 67 to control the flow of crude oil on its 800-mile journey southwards from the well heads of the Prudhoe Bay field to the tanker terminal at Valdez on the Gulf of Alaska and will be used in tank farms at the storage terminal. Triangle has designed the valves' components in cast steel specially modified for use in very low temperatures.



INSTRUMENTS

Integrates analysis graphics

A CHROMATOGRAPHY data handling system with a built-in digital processor and printer-plotter is offered by Hewlett Packard at £2,800.

Designated HP 3380S, the digital integrator provides all the data-handling functions needed for an existing gas or liquid chromatograph to produce a complete area percentage report of an analysis on convenient 8½ x 11 in. Z-folded sheets.

The integrator automatically plots the chromatogram, marks each peak to indicate integration and labels each peak with its retention time. The instrument applies preprogrammed peak shape and baseline compensation algorithms to allocate peak areas accurately and then prints an area percentage report at the end of the run with annotations of peak type and conditions.

For most conditions, the chemist has only to line the slide switches on the front panel in the automatic mode. Chart presentation, integration parameters and time functions are controlled by individual slide switches. More from King Street Lane, Womersley, Wetherham, Berks RG11 5AR (0734 764774).

Keeps on 'sc'

INTRODUCED electronics is a n the oscilloscope instrument for w is well known. Of use to f keep oscillosc condition, the calibrate volta time and carry sation/trigger. For voltage/ tion a rotary range 10 div per division in steps; the same as that of the on the oscilloscope. Multiplication voltage in step play to be ex graticule mark is read on a u age. Signal squarewave.

A similar ar for time base mark 10 div per division in steps; the same as that of the on the oscilloscope. Multiplication voltage in step play to be ex graticule mark is read on a u age. Signal squarewave.

Accurate theodolite

TYPICAL of a new range of Pentax theodolites, now being introduced into this country by A. H. Hall and Brothers in the TR 20, a 20-second instrument which can be used where the requirements include optical setting out, measurement of horizontal and vertical angles, alignment or distance measurement.

The theodolite has a ball base which ensures that the rough levelling is done very quickly and efficiently. Direct readings of the horizontal and vertical circles in 30 seconds. More readings of the horizontal circles

AX10 IRR 10

HANDLING

General duty jack

USEFUL for removing tight fitting components, clamping parts together for welding, positioning heavy machinery or for straightening and bending.

A series of hydraulic jacks from Webtool Hydraulics is available off the shelf. They are available in capacities of 6 tonnes with three inch stroke, 10 tonnes/4½ inches and 15 tonnes/8 inches. Body of the unit has parallel faces such that in conjunction with the sealed design, the jacks can be used on their fronts, sides, and even upside down. They are also fitted with a spherical ram cap that accommodates some off-centre loading.

Cylinder, base, reservoir, and pump housing are made from a single piece of aluminium alloy ensuring lightness, strength and rigidity.

More from Webtool Hydraulics, 11, Bishopsgate Street, Birmingham B16 1ET (021 643 3731).

CONFERENCE Electronics at sea

THE country's two technician engineer bodies in electronics, the Society of Electronic and Radio Technicians and the Institution of Electrical and Electronics Technicians, are organising a three-day residential symposium on marine electronics at the University of Southampton from July 5 to 7.

There are to be five sessions covering communications, navigation and radar, automation and the use of computers, education and training, and safety at sea. There will be 18 papers in all.

Registration fees are £85 plus VAT inclusive of attendance, full board and pre-printed volume of papers. Further information from Registrar, Marine Electronics Symposium, SERE, 8, Charing Cross Road, London WC2H 9RP.

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DATA PROCESSING

Records the production problems

CAUSES of stoppages and their duration can be recorded on production lines using a unit developed by Zanussi-Nigra SPA of Bologna and introduced into this country by Anglo Continental Machines, Bessemer Road, Basingstoke, Hants RG21 3NT (0256 618611).

The system consists of an operator's recording press-button unit with electronic counter/display, and a print-out unit which can be mounted remotely, say, in an office. One of the printing units can have ten of the counters connected to it.

Whenever a stoppage occurs the operator presses a key on the counter relating to the reason: if this is not readily identifiable, a "miscellaneous" key is pressed followed by the correct key when the cause is known. The lost time key identification and piece count are stored ready for print-out.

The counter starts automatically at the beginning of the shift and stops at the end, switching in the next pre-set cycle of which

there can be three in 24 hours.

At the end of the cycle, stored values of time and production count are printed out from each of the nine functional memories, both as a chronological record and as a summary of the last times due to the identifiable causes. The memories are erased for the next period.

It is possible to print out the up-to-date information from any memory at any moment in the period without erasing.

Microfilm processors

AGFA-GEVAERTS microfilm department has three new processors for roll film from 16 mm. to 108 mm. and covering every kind of processing application.

The new units—the 321, 421 and 900 models—can handle computer output microfilm as well as that produced by conventional cameras, and can thus be integrated into any type of microfilm system.

In all three machines the film is automatically fed through a daylight cassette and no leaders are required. The new models lend themselves to parallel film processing, so that a number of films of the same or differing widths can be simultaneously

processed without any mechanical modifications.

The three new machines each use different processing methods. In the table-top 321, films are processed by the conventional negative method, being developed, fixed and dried.

In the 421 model—also table-top—the films can be processed by the negative method or by the partial-reversal method. In the case of the latter the films are developed, bleached, cleared, washed and dried using four tanks—development, rinse or bleach, fix or clear and wash.

The 900 is a floor unit processing by the reversal method. Further from Agfa-Gevaert, COM department, 950 Great West Road, Brentford Middx. 01-890 2072.

Councils' costs cut

ECONOMIC problems are hitting everywhere, including Local Authorities, who are being pressed to cut down on expenditure.

One area in which cost savings are available to them is that of data collection and preparation. Kenrick and Jefferson, printers to the computer industry, and Data Recognition, com-

puter hardware suppliers, have combined resources to come up with a system they believe will help Local Authorities gain an overall system savings of between 27 per cent. and 35 per cent. per annum on rents and rates payment systems.

The two have developed personalising of rent or rates payment vouchers in clear and optical bar mark formats, thus enabling the authorities to use pre-captured verified data for updating rents and revenue files and reading it in, instead of key punching and verifying.

In this turn-round system Kenrick and Jefferson is producing the payment books, using magnetic tape supplied by the authority to personalise each book with a tenancy reference number, name and address details. This saves the authority the expense of printing the books and mailing them.

Data Recognition markets the Dataturn Three OMR, of which more than 300 are installed in the U.K. This machine automatically reads data supplied in special mark form and converts this into computer-readable code. This operation removes the time-consuming key entry of information.

Kenrick and Jefferson, High Street, West Bromwich, West Midlands B70 8NB (021-553 1001).

ELECTRONICS

Indicates weight and records it

A LOW cost digital weight indicating and recording system has been put on the market by W and T Avery that should provide wider scope for load cell weighing in industry.

Providing an accuracy of about ±0.5 per cent., the unit is made for either wall or panel mounting and can be used with any type of load-cell weighing of any capacity. Up to four cells can be connected.

An analogue module provides excitation for the load cells and amplifies the electrical weight signals. This is followed by a dual-slope integration digitiser which converts the signals to a form suitable for operating the digital display, updated several times a second.

Graduated in tonnes or kilograms the display can consist of up to five in-line characters 14 mm high with one, two or five units of weight as the minor increment. It can have a maximum of 2,500 increments although, on light capacity applications the number may be reduced to 1,000 or 1,250. Front

panel zero adjustment is provided.

Direct current proportional to weight is provided for metering or computer processing and up to eight trip points can be incorporated. More from company at Snelwick, Warley, West Midlands (021 555 1112).

Hirst sales to double

HIRST has signed with F. W. Bell of Columbus, Ohio, an agreement which covers the U.S. and Canadian sales by Bell of U.K.-built magnetising systems and equipment.

The Hirst equipment is used for charging and setting permanent magnets and assemblies used extensively in the hi-fi automobile accessory, electronic and permanent magnet manufacturing industries. The new departure could double the British Oxygen subsidiary's turnover.

Oxygen Electric has previously co-operated with Bell through exhibitions in the U.S. where Hirst engineers have demonstrated the equipment. F. W. Bell is one of the leading makers of Hall-effect, semi-conductor based instruments in the U.S. Wherever the opportunity arises, Hirst will complement its own range with Bell products for sale in Britain.

Hirst is at Gaiwick Road, Crawley, Surrey RH10 2SA (0293) 2572.

SECURITY

Combination makes it safer

MANUFACTURERS of security equipment have to admit that in many cases the less said about their products the better. But how do they sell them?

John Tann is once again facing this problem over the introduction of its latest safe, the Super Treasury. Sufficient to say, much research has gone into metals but as safes have got more sophisticated so have the techniques for breaking into them.

Tann's latest research efforts have resulted in the development of safes which are made from a combination of steel and concrete, materials which are incorporated in the new Super Treasury safes.

They are made in several sizes, the design incorporating the latest international ideas in terms of materials and mechanisms.

The safes have been developed from existing safes made in Tann's Swedish factory which have passed the highest Swedish official test rating known as V3. Improvements over and above the V3 requirements which are said to have been incorporated include use of a specially developed very hard concrete and inclusion of high sensitivity plates to protect vital areas around each of the two locks which are linked to multiple re-locking devices.

John Tann's Works are at Stirling Corner, Borehamwood, Herts.

CONFERENCE Electronics at sea

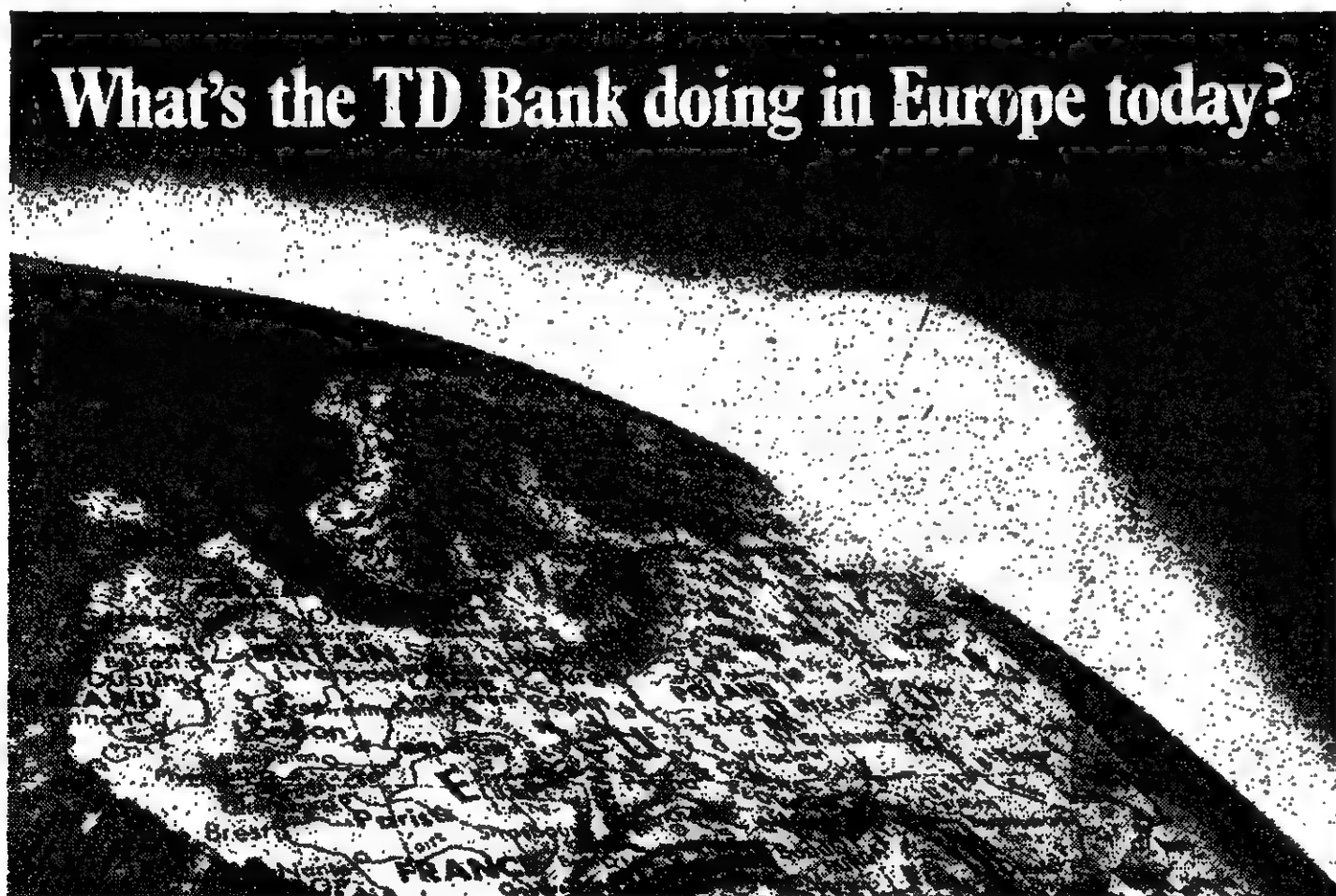
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Pressures resulting from the worldwide recession have left their mark upon the Austrian economy and financial system, but in spite of some pointed criticism from the political opposition, they have stood up well to the strains.

Tel. (00 43) 0 22 2 66 22-0. Telex 7-4793. Member of **E.B.I.** European Banks International.

Poli

CREDIT INSTITUTIONS in readiness, to waive notice of Austria have been caught in a withdrawal in case of need. paradoxical situation where Private customers, willing to liquidity is plentiful, yet make term deposits are offered interest spreads have come up to 6 per cent for three year under pressure because of deposits, at least if one goes by the traditional inelasticity of the notices displayed outside rates payable on deposits. A banks.

rapid ballooning of balance sheets in 1975, caused by a high savings quota in times of recession and by heavy capital imports designed not least to close budgetary deficits, ensured that profits survived the pressure. In 1976 the profits picture may be different unless something happens soon.

Given the as yet feeble revival of business activity in Austria, an increase of the interest rates upon credits granted is not going to be acceptable. So the spread—present something around 2 percentage points—joint stock banking sector—will have to be bridged the other end. The key interest rate as far as deposits are concerned is at present 5 per cent., paid on savings accounts which are close in nature to a British deposit account (including the smaller client is probably receiving rates higher than the market situation would justify, for the simple reason that the savings rate is something of a political price paid for the little man's money: political pressures, especially from the trade union organisation, have been strong against lowering it. None the less there is an expectation that it will have to fall within a few months' time.

The "grey" market exists because of considerations only indirectly linked to immediate

commercial motives. It reflects the endeavours of competing bankers to maintain market shares—even if that should involve paying for them.

In Austria this competition is carried out not so much between individual banks of large identical nature—such as the British clearers—as between representatives of very different categories of institutions—joint stock banks, savings banks, co-operative banks and building societies, to name some of the most important. Even fair sized

market towns grown rich on agriculture and tourism may be without joint stock or commercial banks. But they will have their savings banks; their Raiffeisen agricultural co-operative bank; their Volksbank or people's bank catering largely for the smaller tradesman.

Whereas the two big joint stock banks are "universal" banks on the continental model, engaging in almost every form of credit business, the other chains, at least in origin, are specialised: Raiffeisen to deal

of such an approach to the business of banking cannot be overestimated.

enough ideas of the relative importance of the various sectors can be gained from their aggregate balance sheet totals at end-1973, which were as follows: Joint stock banks Sch.270bn., savings banks Sch.210bn., Raiffeisen Sch. Hsbn., Volksbanken Sch.11bn. The list is not exhaustive, but covers the largest entities, and in particular those that are or are becoming "universal banks."

The picture changes drastically if one takes as a basis the number of branches. Then the Raiffeisen group leads with 1,932, followed by the savings banks (708), the credit co-ops (523), and the mutual stock banks (351). The last named originally displayed little interest in retail banking, but have long ago joined in the hunt for the

small man's cash, as evinced by their 17 per cent. share in aggregate savings deposits, compared with the 36 per cent. of the savings banks, the market leader.

the Oesterreichische Länderbank, which gives it ultimate control over their personnel and policies. These banks, in turn, have industrial holdings of their own, so that at every turn there are special considerations that may cut across the straightforward banker-client relationship. A smaller joint stock bank, the BAWAG, which is owned by the trade union federation, also has an industrial involvement through its ownership of a paper mill. This opens up further possibilities of cross-currents and cross-relations. It is indeed does the very existence of BAWAG. The involvement of trade unions in an activity as capitalistic as banking well behoves a country such as Austria, which has become a byword for social partnership (and for fixing things by special arrangement) rather than confrontation.

Tolerated

The Austrian talent for turning a blind eye where discretion requires knows no better example than what can only be described as a system of officially tolerated tax avoidance.

State allows citizens to deposit money anonymously in credit institutions in accounts analogous to the Swiss numbered account, except that instead of a number there is a password to identify it. Interest credited to these deposits is rarely if ever declared for income tax, nor is the principal declared for wealth tax—and it is perfectly plain that not even the Socialist Party is in a position to force any intention of doing anything about it. The message is simple: savin

Vienna 1975

That's when Johann Strauß celebrated his 150th birthday, and ERSTE ÖSTERREICHISCHE SPAR-CASSE, as literally the FIRST AUSTRIAN SAVINGS BANK its 156th. The same year the Austrian Schilling had turned 50 years old. 1,300.000 guests from all corners of the globe flocked to Vienna to take part in these festivities.

That probably makes 2,6 million slices of Sacher cake and surely twice as many glasses of new wine. Cheers to that,

you'll say; do they do anything but celebrate in Old Vienna?

Of course we do. Gemütlichkeit is one side of the coin, the other side is hard work and its prize. After having been at the heart of European history for nearly 2.000 years, Vienna today strives to be an economic centre too, particularly for commerce with the East. Even during a slack year for international trade, Austrian exports rose, e.g., by 33% to Poland and by 21% to the German Democratic Republic.

Vienna and "First Austrian" are preparing themselves for future expansion. We will extend more loans in foreign currency.

We will purchase more paper without recourse ("à forfait").

We will thus contribute more than hitherto to trade financing.

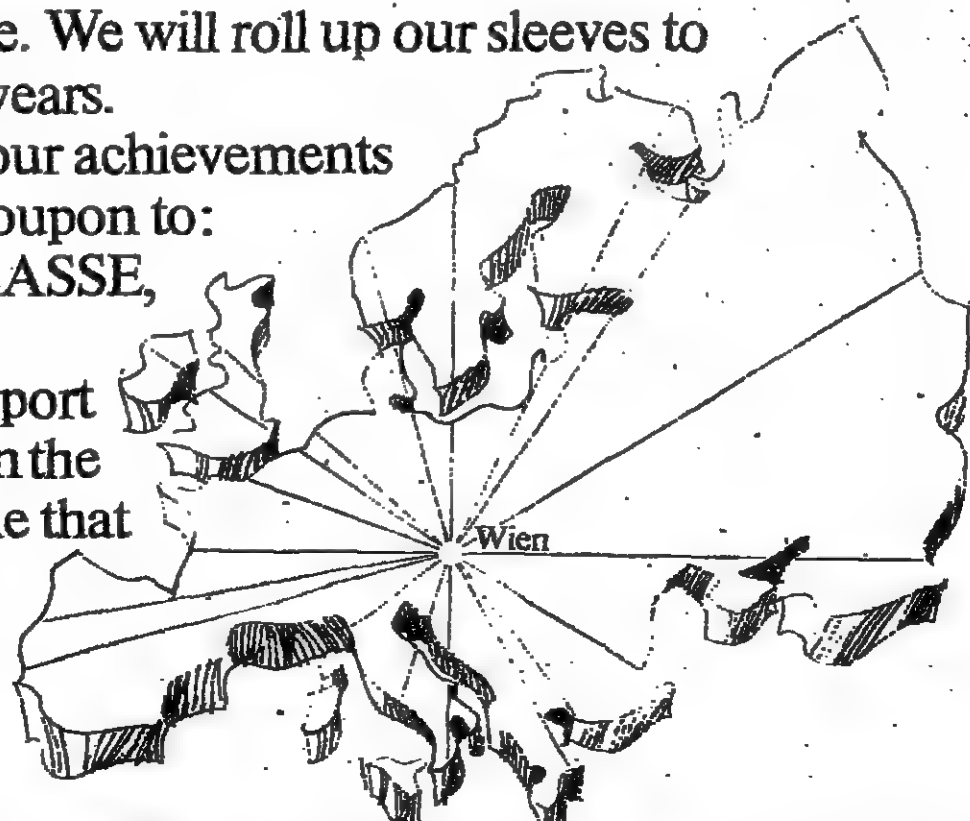
By 1977 "First Austrian" will belong to SWIFT and thus guarantees even speedier international transfers.

But much else remains to be done. We will roll up our sleeves to continue along the path of 156 successful years.

If you wish to know more about our achievements that is shown in the brief table, mail the coupon to:
ERSTE ÖSTERREICHISCHE SPAR-CASSE,
Graben 21, Vienna, A-1010 Austria.

You will then receive our annual report for 1975. Bankers know how to read between the figures. They have also known for a long time that celebrating is not all that goes on in Austria.

By the way, the Vienna Festival
opens on the 22nd of May. Call on "First Austrian" when in Vienna.

**Balance sheet (in million of US-Dollars and of Austrian Schillings)**

ASSETS					LIABILITIES				
1974		1975		1974		1975			
US-\$*	AS	US-\$*	AS	US-\$*	AS	US-\$*	AS		
Cash	17.8	330	21.9	406	Total deposits	1256.5	23260	1563.9	28947
Due from banks	273.6	5065	425.3	7873	Savings deposits	916.5	16965	1082.4	30035
Discounts	50.3	931	37.2	688	other liabilities	23.9	442	26.9	498
Investment in securities	206.6	3824	271.4	5024	Capital & reserves	57.2	1059	70.2	1300
Loans	278.0	5145	330.8	5938		1337.7	24761	1661.0	30745
Mortgages	429.0	7941	487.0	9014	net profit	8.1	149	13.0	241
Premises	31.3	579	30.8	570					
other assets	51.1	946	66.6	1232					
	1337.7	24761	1661.0	50745					

* accounted rate of exchange.
dated Dec. 31st 1975. AS 18.51/US-\$

Please forward to me your annual report for 1975.

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Address: _____
Company: _____

DIE ERSTE österreichische Spar-Casse

CONTINUED ON NEXT PAGE

Schoellerbank-Partnerbank

Shellen & Co.
Litho

STANKEN

فكانت هذه الاصل

AUSTRIAN BANKING III

Political battles

THE structure of breweries, building firms, glass making appears at and metal producers.

While it is clearly exaggerated to speak about a "red takeover," the forthcoming appointments of Dr. Franz Vranitzky as Deputy Director General is a significant straw in the wind. He is the closest adviser of Dr. Hannes Androsch, the young "two" dominating the banks, the Bankverein and eichische Länderbank, which are self-favoured, Dr. Schmidt-Chiari, but the current Director General of the Kontrollbank, the export finance institution, Dr. Helmut Haschek. He is not a socialist, but appears to be on good terms with Dr. Androsch.

Though the number two among the commercial banks, the Länderbank, has "only" a consolidated balance sheet of Sch.56.4bn., it registered the most dynamic expansion last year with a jump of 32 per cent. in its assets, as against the 21 per cent. expansion for the banking sector as a whole. Its industrial holdings include the engineering firm, Wagner-Biro, the producer of paper-making machinery and turbines, Voith AG and the leading producer of man-made fibres, Chemiefaser Lemming. Furthermore, the bank took over the Oesterreichische Creditanstalt with a balance sheet of almost Sch.9bn.

The Director-General, Dr. Franz Ockermüller, is the top socialist banker, respected even by his political adversaries. At 60 he is still the first to be in the office before the normal banking hours begin and can be reached directly by anyone. An unpretentious man of subtle humour, Dr. Ockermüller has two university degrees and is equally at home in Latin and Greek as in any area of banking activity. Behind the scenes he wields great influence, going beyond even his position as president of the prestigious Association of Austrian Banks and Bankers. He still has the ear of Chancellor Kreisky, and it was at his advice that the Chancellor six years ago took the gamble of appointing Dr. Androsch as Finance Minister at the age of 32.

Bank joined the (European Banks Company) group, 5 and 1975 foreign from 10 per cent. of the consolidated

of the matter is the Creditanstalt, a commercial bank, balance sheet of about 22.4bn.—and as the three important banks for Upper Austria, Carinthia, the very and the Ave Credit Bank with assets of Sch.110bn. Herr Graber had in mind the h provides about (Bank für Arbeit und Wirtschaft), in mind. Bawag, nationalised commercial bank, was founded in 1922 with a well as large starting capital of a mere

Sch.10,000 by the late Karl Renner, Federal President of the second Austrian Republic. Following the civil war in 1934 the Austro-Fascist regime closed and liquidated the bank. After the reopening of the bank in 1947 it operated, not merely as a banker for the unions and co-operatives but increasingly as a general service bank.

Though strictly supervised, of course, by the unions, whose Secretary General and Treasurer, Herr Alfred Stroer, is the Chairman of the Board, Bawag is run just like any other commercial bank. Following a 20 per cent. rise of the balance sheet to an all-time peak of Sch.24.5bn. last year, an increase of 115 per cent. during the past four years, what was originally conceived as a workers' bank has become a power in its own right. Between 1971-75 credit jumped by 121 per cent. to a total of Sch.14.8bn., and it is stressed that two-thirds has been made available to small and medium-sized firms.

Under the leadership of Herr Walter Fittl, who during his 26 years with Bawag has gone through all stages of banking business until he took over as Director-General in 1972, Bawag has played a pioneering role in tapping the traditional Austrian European market and in providing export finance for Eastern trade transactions.

Bawag, together with Bank

Handlowy of Warsaw, Kleinwort, Benson of London and other banks, set up the Vienna-based Centro international bank in 1974 for the financing of export transactions, primarily in Eastern Europe. By the end of last year the balance sheet had passed the Sch.1bn. mark. The second major initiative of Mr. Fittl was the launching of a campaign to tap a predominantly working class clientele in 2,500 factories and enterprises by offering small loans with a minimum of red tape, using primarily the shop stewards and the local union organisations. So far 120,000 such loans, averaging Sch.40,000 and totalling up to now about Sch.4.5bn. have been made available. The permissible ceiling has now been raised from Sch.100,000 to Sch.150,000, and as Mr. Fittl proudly claims, only 335 cases of bad risks, involving a mere Sch.120,000, have so far been recorded.

At the other end of the spectrum we find a handful of small private banks, most of them in one way or another connected with the commercial banks or subsidiaries of foreign banks. The largest and most prestigious private bank is the Bankhaus Schoeller, which prides itself on its "individual service." Its balance sheet grew by 18 per cent. to Sch.3.7bn. last year. Its report for 1975 stressed the selective and cautious business policy conducted in a period marked by high liquidity. In

addition to a controlling interest in a small private bank and in food and sugar companies, the Schoeller family also owns a trading company with an annual turnover of Sch.900m. The bank has managed to retain its exclusive image despite the fact the Girozentrale, the central institute of the savings banks network, acquired a 10 per cent. interest in 1971 with an option on a further 10 per cent. in the Bankhaus Schoeller. The marriage appears to have proved a happy one. Last but not least two of the eight partners of the bank also play an important role in Austrian economic and political life. Dr. Hans Igler, who is the head of the industrialists association and Philipp Schoeller Jr. is the head of the industry section of the Federal Chamber of Economy.

Thus the entire Austrian banking industry, including of course the savings and co-operative banks, is much more intricately connected at all levels with the small world of Austrian politics than is the case in other comparable European countries. This is the reason why in the final analysis the changing political relationships and the role of key personalities are bound to exert an incomparably greater influence on Austrian banking than the projected changes in the banking law.

Paul Lendvai
Vienna Correspondent

CONTINUED FROM PREVIOUS PAGE

Savings banks

ship within the limited scope of that particular bank.

GZ also has a small holding in Handelsbank of Zurich, which has close links with National Westminster Bank in Britain. By the side of those U.S. and British giants, the Austrian organisation may look small, but then one must take into account also the relative smallness of GZ's home ground in Austria.

The question is legitimate as to why an organisation originally set up to serve the small man and still very much linked to his fortunes finds it necessary to take a part in the international game of high finance: is it right and proper for an organisation of that kind to accept the inevitable risks of world finance? The validity of this question has been obliquely recognised in Vienna: in view of the questions overhanging the solvency of some developing countries, it was made policy at GZ last year to be especially cautious in the choice of loans to underwrite; hardly any Third World borrowers figure on the list, which is heavily concentrated in North America, Europe and Australia.

The GZ annual report gives two reasons for the organisation's involvement in international financial markets: it has helped to channel into Austria capital imports, which are not entirely uncontroversial though they became necessary last year for reason of external payments; and it has made profits for the savings bank sector. The latter is a somewhat paradoxical point, seeing that the savings banks are by statute non-profit making and debared from distributing profits. But it is extremely important to bolster the reserves of the savings bank sector. Being a joint stock company, GZ itself may distribute its profits to its shareholders, meaning the local savings banks, which have no source of equity capital than their own profits and those received from their participations, including GZ.

Last year's contribution from GZ was a distribution of Sch.33.75m., consisting of a dividend of 5 per cent. plus 1 per cent. bonus. For purposes of comparison, the aggregate equity capital of the savings bank sector at the end of 1975 was Sch.7.7bn.

This equity capital is almost exclusively the product of accumulated reserves, given the structure of the Austrian savings banks. They come in two different kinds: some are owned by local municipalities, the others are organised as mutual banks, similar to British Trustee Savings Banks.

The mixed structure occasionally brings about tensions, especially in Vienna. It also explains why in the political argument, which in Austria is always an argument about places, too, the savings banks tend to be in the anti-socialist camp: the mutual banks line up with the bourgeois parties, the municipal ones split according to the colour of their local authorities.

In theory the municipally-owned banks are safer since deposits are fully guaranteed by the total assets of the local authority owning them; in practice that makes little if any difference. There has not been a failure or even a reorganisation (as opposed to an occasional bridging loan) in the sector since the war. But if there had been the cash of the local authority would probably have disappeared in the vortex. The break up value of a local authority is something that may be hard to determine—let alone to realise.

There, then, are the reasons why profits do matter in a supposedly non-profit making system founded to take the small man's deposits and to lend money principally to finance local authorities and housing. There, too, is the justification for the foreign involvement of an organisation such as GZ, intended originally merely to handle the money transfers and surplus funds of the savings banks.

But the men at GZ will tell you also that as the savings banks move towards the concept of universal banking you have to take part in all aspects of the game; you cannot take part when it suits you and stay out when it does not. Maybe after all there is a certain Parkinsonian element involved. That would not be surprising in Austria—or for that matter elsewhere.

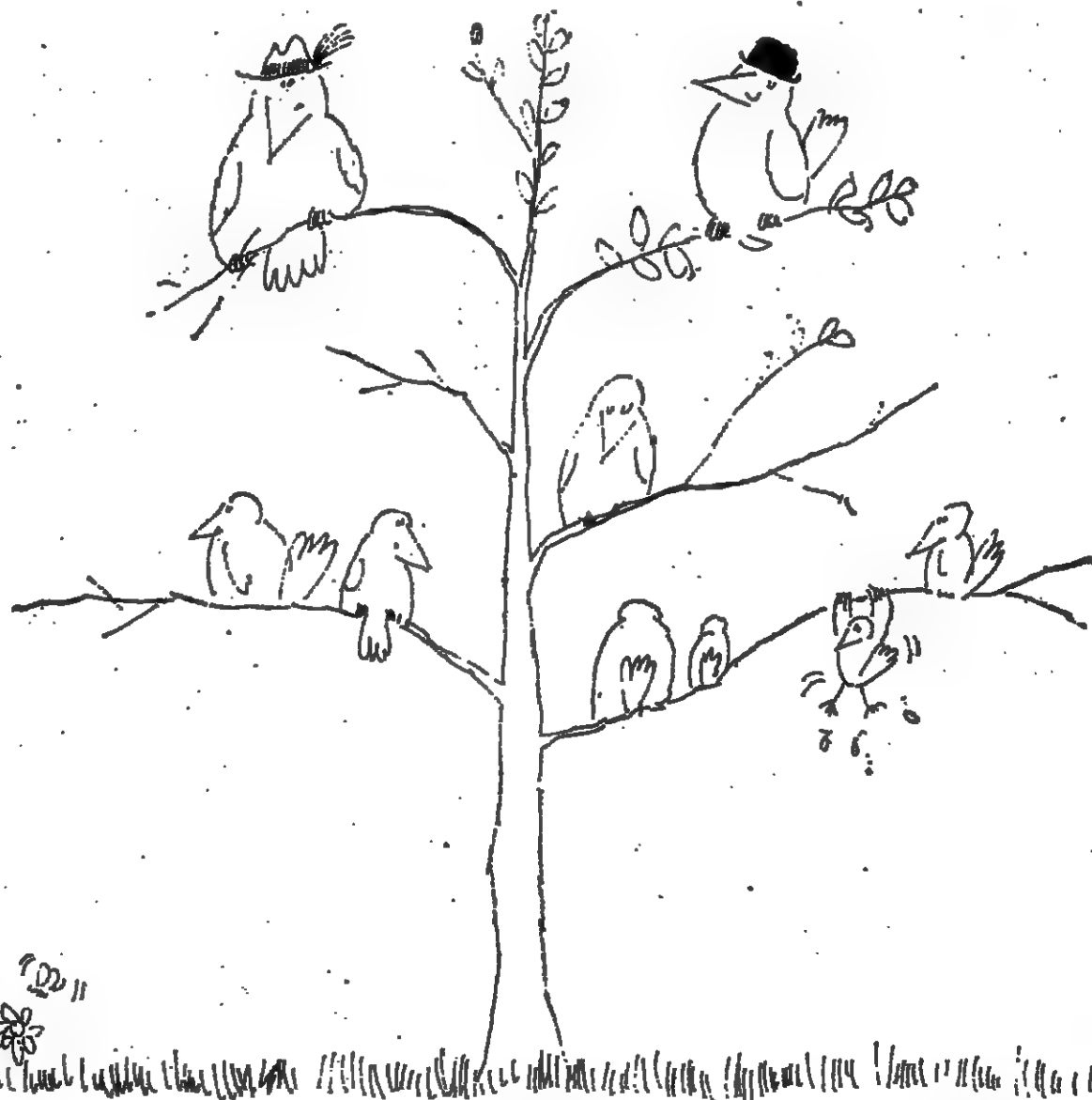
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Austrian banks	Total assets 1966	Total assets 1974	Total assets 1975
	1,000 mill. ASch.	1,000 mill. ASch.	1,000 mill. ASch.
Creditanstalt-Bankverein	21.2	71.2	85.7
Girozentrale Vienna	13.2	58.9	73.2
Österr. Länderbank	13.9	42.6	56.4
Genossensch. Zentralbank	5.9	24.7	35.7
BAWAG	5.5	20.4	24.5



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Total Figures Dec. 31, 1975
Assets & Reserves ASch. 1.688 mio
Deposits ASch. 46.693 mio
Loans ASch. 26.905 mio
Balance sheet ASch. 51.430 mio

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LABOUR NEWS

Mini assembly halted by deliverymen's strike

BY PETER CARTWRIGHT AND DAVID CHURCHILL

PRODUCTION of British Leyland Minis was halted again last night, this time by a strike at one of the company's suppliers.

About 500 night-shift workers on the Mini final assembly lines at Longbridge, Birmingham, were laid off last night with a complete shut-down of Mini production likely to last.

In addition some 1,000 workers at Jaguar in Coventry were also laid off by the dispute last night, although no Jaguar production was lost.

This new threat to Leyland production—following the 230m. lost production due to the rash of internal strikes in recent weeks—came after about 30 drivers at Rubery Owen in Darlaston, Staffordshire, decided yesterday to continue with their strike.

The drivers, who deliver axles and sub-frames for Leyland cars, are protesting at lack of consultation over some drivers being laid-off at short notice. They are to meet again to-day at the factory for further talks with Rubery Owen management.

Meanwhile, 6,000 car assembly workers at British Leyland's Triumph plant in Coventry are expected to return to normal working to-day after a two-week go-slow in support of a productivity-linked pay rise blocked by the Government's pay policy.

The result of a secret ballot on a return to normal working will be declared this morning and senior shop stewards at the plant were last night predicting an overwhelming majority in favour of normal working pending further talks with the Leyland management.

The Triumph workers feel bitter that a promised pay review following a 10 per cent. increase in productivity in the past six months cannot be allowed unless the pay policy is reversed.

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The Marketing Scene

Press

PERS do not always at press in the advertising. Television is more perhaps more glamorous comparatively new, and importance, very quick work with its statistics. ing has got about that as are not the force were in advertising. A article in the current of Adam by Harvey tempts to correct this Henry looks at news- terms of circulation rising, appeal since ng out the admittedly as 'untypical' (the ent in press adver- venue in 1976 sug- is right to dismiss as finding is one of extra- stability. tial decline in news- culation over the past are is put at just 0.8 of t. per annum, and with if in size of newspapers that newspaper com- between 1971-4 was sand tonnes as against in 1967, the overall is a 30 per cent in- effective consumption 959 and 1974. similar story for adver- advertising expenditure newspapers as a per- the GNP has a latest of 0.39. In 1948 to 1974. In the prosperous it was 0.23. For newspapers there has from 0.27 in 1948 to years later to a latest of 0.39. For all press improvement goes 0.64 in 1948, to 0.89 in 1955. 12. Television quickly a GNP percentage of has remained static

Harry Henry agrees advert of commercial probably affected tervising in the press, fallen, but the decline compensated by an in- classified advertising, gh the newspaper, in- suffer from short- swrns the long-term much more re-assuring pical glance might

A.T. S. M.R. the market- company, is now provid- ily stock information for multiples and v44 in the grocery vinding its bi-monthly vice for photographic to include specialis- lews, and has started a monthly audit of the is market.

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SALES PROMOTION

Price is supreme

BY ANTHONY THORNCROFT

THE sales promotion industry has changed dramatically in the past twelve months. Price has become the paramount consideration, and manufacturers began to concentrate their promotions in the area of price cuts and, in particular, money-off coupons. At the same time retailers have increased their dominance, and more and more companies linked their marketing efforts to the individual stores who control the grocery trade.

With marketing becoming a much more short-term and basic operation, grocery manufacturers restricted their longer-term, product, advertising, and put money into below-the-line promotions. As a result, Promotion 75, the annual review of the industry by the Osborne Group subsidiary MS surveys, shows a rise in the number of promotions after some years of decline. The research group monitored almost 10,000 promotions last year, a rise of 13.7 per cent.

Many more promotions concentrated on price. There was a rise of over a third in this category, with coupons registering a gain of 48 per cent, and reduced price offers 31 per cent. In all, a promotion offering a reduction in price accounted for a half of all promotions in 1975. Consumers also gained by 12 per cent, with holidays, cash, and durables being the unsurprising prize incentives, and self-liquidators also made a slight revival.

The promotions which failed to enjoy a boom in 1975 were multi-packs, free mailings, and giveaways, which all declined. The products which made most use of promotions were pet foods, soups, preserves and desserts, sauces, flour and dairy products.

The areas of depression were medicinal products, toiletries, and tobacco. For years, below-the-line marketing has been the rather overlooked poor relation to the more glamorous advertising campaigns. But as manufacturers looked for quick marketing results at the expense of brand image, all involved in the business had to follow the new trend, so, for the first time on a major scale, above-the-line advertising was used to publicise below-the-line promotions. This was carried to its most obvious limits in the far as nine of the top ten advertisers in 1975 were retail stores.

The number of promotions was rising steadily at the end of 1975, suggesting that 1976 will be another year of growth. More detailed investigations reveal that 36 per cent of all promotions last year were reduced price offers followed by 17 per



The extravagant Martini competition, with prizes of an aeroplane, a power boat, and a Lamborghini has been judged Promotion of the Year. It attracted over 100,000 entries.

cent coupon offers, and 13 per cent self liquidators. As usual there was no single promotion last year which aroused much enthusiasm from MS Surveys but its annual Promotion of the Year went to Martini for its "Share Martini's Wonderful World" competition, which as a counter to a rather depressing time offered prizes of a light aircraft, a speed boat, and a Lamborghini. The glamorous prizes attracted over 100,000 entries and the organisers, McCann-Erickson, and the client, judged the promotion a success.

Promotion 75, which goes into detail on type of promotion, kind of self liquidators offered and their value, analyses of competitions, etc., is available from MS Surveys to subscribers to the monthly Merchandising and Promotional Intelligence, which monitors promotional activity in the U.K. for £96 a year.

London quote

INTERPUBLIC, the American advertising agency group, which claims to be the largest in the world, is seeking a listing of its share price on the London Stock Exchange. Its main agencies are McCann-Erickson and Wasey, and its world-wide billings are about \$12bn.

Around 54 per cent of Interpublic's revenue comes from sources outside the U.S., and, in all, it works for 1,600 clients in 80 countries. In 1975 Interpublic increased its gross revenue by 13.4 per cent to \$178m. Another leading American agency, OBM, also has a quote in London.

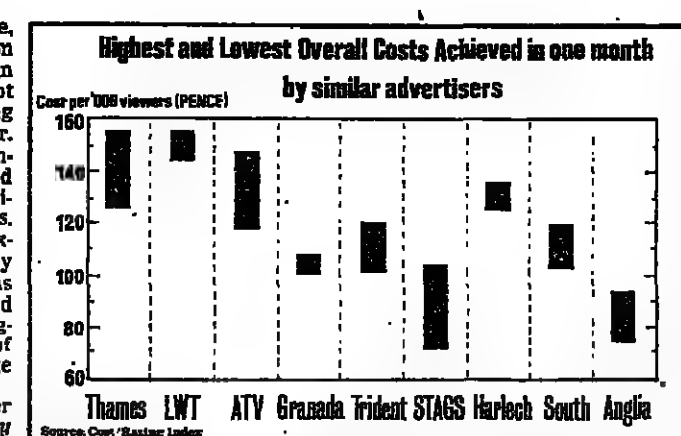
TELEVISION ADVERTISING

Buy better and save money

BY GEOFF BALLINGTON, MEDIA AUDITS

ADVERTISERS are going to face very heavy television costs and at the extreme in London this autumn if the predictions of demand being circulated at the moment are anywhere near right. As demand for the available airtime increases, the television companies will quite naturally write all they can from the market which—like that for any commodity—fluctuates widely with demand, and is sensitive enough to be severely affected by confidence or rumour. What makes life especially difficult for the television advertiser (and the buyers in his advertising agency) is that in this market place the going rate is never known. If you can imagine a manufacturer attempting to buy raw materials with a knowledge only of the maximum statutory price, and no information about what others are paying, you will

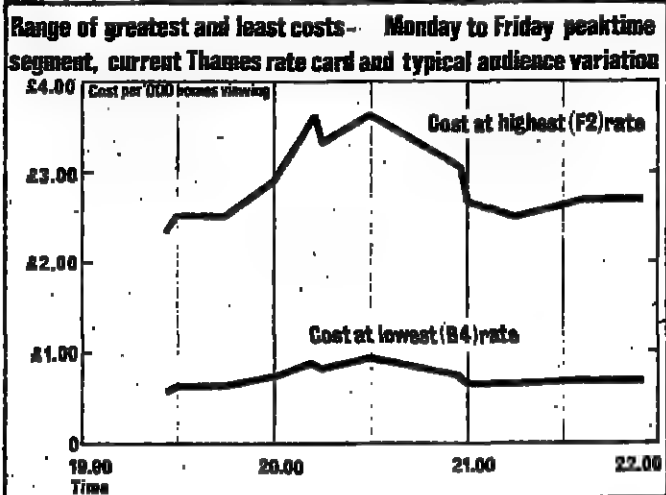
be quite commonplace, face very heavy television costs and at the extreme in London this autumn if the predictions of demand being circulated at the moment are anywhere near right. As demand for the available airtime increases, the television companies will quite naturally write all they can from the market which—like that for any commodity—fluctuates widely with demand, and is sensitive enough to be severely affected by confidence or rumour. What makes life especially difficult for the television advertiser (and the buyers in his advertising agency) is that in this market place the going rate is never known. If you can imagine a manufacturer attempting to buy raw materials with a knowledge only of the maximum statutory price, and no information about what others are paying, you will



To overcome this problem and to give advertisers both objectivity and a wider perspective on what other major advertisers are paying, Media Audits set up the Cost Rating Index in January this year. Its subscribers, all of whom are major and committed users of television, and collectively spend £20m. a year, provide confidentially to Media Audits actual spot costs and Jictar audience achievement.

These are pooled into an index against which each advertiser can rate his own performance. Thus no subscriber knows another subscriber's results but he has a "norm" of other major advertisers against which to monitor his value.

The role of the "norm" against which an advertiser, adopting a particular buying strategy, finds his acceptable level is of the utmost importance, for individual advertisers adopt very different television strategies and have different needs for the medium. It is where a subscriber begins to depart from his accepted level against the norm that Media Audits is able to alert him to the need for action, and to examine the buying policy in greater detail, so as to point efforts in the most fruitful direction.



understand why the business of selling and buying television time has developed into a highly specialised and largely arcane art.

Because of this it is only recently that many advertisers, pressed by harsh economic realities on the one hand, and aided by the educational activities of the ISBA on the other, have begun to question just what they are getting for their television budgets, and to discover that appreciable improvements in value can be achieved by a deeper involvement in this hitherto closed area.

These differences in value have been accelerated by astute tactics of the television companies. For example, in a segment of time covered by the same rates, audience variations of 100 per cent, within that segment, can with the best will in the world hardly be totally dispassionate, and they are able to assess performance only in the light of their own, totally subjective, experience.

Agency news

THE Media Business, the specialist media agency, has formed a new subsidiary for the planning and buying of poster advertising. To be known as the Porter Business its chairman is Nigel Rogers and chief executive is Maurice Coop who is leaving the Charles Barker Group where he was Outdoor Media manager. The new company is handling over kind of outdoor billing including Vaux Brewery, Midland Bank, and United Rum Merchants.

KIRKWOODS has prepared the advertising for CBS's promotion of its record, "Abba's Greatest Hits". The campaign starts on ATV to-morrow.

SAMERON, manufacturers of rough terrain forklifts, is the latest industrial company to use television advertising. It starts an initial six week campaign in most regions on Sunday with spots in News at Ten and farming programmes.

ROE-DOWNTON, which finally completed its merger last week by moving into new premises at 103-104 Wardour Street, has quickly captured a new account. It will handle the advertising for Punch and Partagas Havana cigars, probably brand leaders in the fine cigar market. The new agency has a billing of around £10.5m.

BOASE MASSIMI Pollitt has been appointed to handle the £150,000. Quick Quaker Oats account, the market leader in the £8m. conventional porridge market. Collett Dickenson and Pearce resigned the account recently, and this new appointment puts all Quaker Oats human food products with the same agency.

THE total net advertisement revenue of the Independent Television Companies for March, 1976, after deductions of agency commissions and all discounts was £18,539,442, according to the ITC.

Six markets exceed £100m.

INFLATION has done wonders in blowing up the size of grocery markets. Nielsen has just looked at the size of over a hundred of the main product categories likely to be found in the stores. And five of them managed sales of over £100m. in 1975. They were biscuits, butter, natural cheese, packaged detergents, and tea. Two more were in the £80m. plus band—coffee and ready to eat cereals.

Most markets have naturally expanded, with soft drinks and gory as pre-packed salads, bread crumbs, and mint sauces. Up to £5m. comes sweet, canned sweet corn, ready mixed stuffings, and instant potato showing the big rise. In terms of size canned dog foods, canned soups, margarine and toilet papers come next among many more, rather surprisingly, chilled desserts. Up to £10m. there is domestic aidi, blackcurrant health drinks, packaged nuts, shampoos, and again on the small side, household cleaners. And so it goes on—useful check list which Nielsen publishes in the hope of getting clients to buy more detailed breakdowns of the markets covered. A.T.

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...that one of Germany's most influential newspapers is the leading daily of the South—SÜDDEUTSCHE ZEITUNG.

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THURSDAY, APRIL 22, 1976

Squeeze on spending

THERE WAS only a relatively small rise during March in the indices of basic wage rates. It is conceivable that they may have to be revised upwards later, as they stand at present, however, they imply that the year-on-year increase in wage rates, which has remained little changed since last autumn, fell from 27.4 per cent in February to 22.9 per cent in March. For comparison, the index of retail prices in March was 31.2 per cent higher than a year before.

The comparison with prices is more significant if made with the index of earnings. It appears that prices year-on-year have been rising faster than gross earnings for several months past. In February, when the earnings index was 19 per cent up on the year, the RPI was up by just 23 per cent. It is clear, especially if one bears in mind that these are gross earnings before tax and National Insurance, that the average real purchasing power of those concerned has fallen quite sharply as a result of inflation combined with voluntary wage restraint.

Retail sales

This fall in real incomes, combined with an increase in the ratio of personal savings to income, is the explanation of the long-standing sluggishness of retail sales. Certainly the volume of retail sales recovered slightly between the last quarter of 1975 and the first of 1976, but the increase was entirely concentrated in January and was almost certainly due to bargain-hunting during the sales season. The volume of sales in the first quarter of this year was, even so, some 3 per cent lower than it was a year ago. Taking a longer view, the volume sales index reached a peak of 111.7 in the final quarter of 1973. In 1974 it averaged 109.9, in 1975 it averaged 107.9, and the figure for the first quarter of 1976 is 107.7.

Retail sales account for only

part — rather under half — of total personal consumption; but real consumers' expenditure, too, has dropped slightly from its 1973 peak. Wage restraint and inflation apart, this is the natural consequence of the business recession. The 35 pay limit has been so widely observed partly, at least, because of the high level of unemployment. The Government's problem now is to secure an effective successor at a time when the economy is already showing the first signs of moving forwards again.

Prices to come

Trade union leaders, though unhappy about the precise terms of the package proposed by the Chancellor in the Budget, seem inclined to continue co-operating with the Government. But it remains to be seen what price they will demand for co-operation and whether it is one that the Chancellor can accept without undermining his economic strategy. It also remains to be seen whether trade union members will be as willing to accept the recommendations of their leaders when the economic situation is improving as they were before.

The basic fact of the matter is that higher personal consumption must wait upon an improvement in the overseas trade position and an increase in productive investment. Higher prices are already in the pipeline, partly because of a decline in the sterling exchange rate caused by fears that continued wage restraint will not prove effective. This decline must be treated as an opportunity for moving on to a path of export-led growth, not as an excuse for allowing too many concessions to the TUC. If personal consumption were to rise too fast as a result of such concessions, the Chancellor has already given warning, he would be obliged either to raise taxation or cut public expenditure further.

President Giscard can fight back

THE FRENCH newspaper Le Monde recently carried an article called "Are we in 1934?" It recalled the success of the French Communist and Socialist Parties in the cantonal elections of October of that year, their further advance in the municipal elections in May, 1935, and finally the legislative elections in April-May, 1936, when the two parties campaigned under a common programme and were able to establish the Popular Front Government.

In more recent years the Communist-Socialist vote has advanced from 32 per cent in the presidential election of 1965, to 43 per cent in the legislative elections of 1967 and 1973, to 49.3 per cent in the presidential election of 1974 and to no less than 53 per cent in the cantonal elections last month. The next legislative elections are due in 1978: hence the question "Are we in 1934?" In other words, has the Communist-Socialist advance become unstoppable?

Economy

The answer is almost certainly no, or at least not yet. President Giscard d'Estaing has the great asset of time. Two years is a very long time indeed in which to reverse recent political trends, provided he uses them well. The President also has two other specific advantages.

The first is his own personal popularity which still appears greater than that of any other French politician including M. Mitterrand, the Socialist leader of the Left-wing alliance. (The latest polls suggest that Giscard would still beat Mitterrand in a presidential election, although narrowly, just as he did in 1974.) The second is the economic recovery which, as in the U.S. and West Germany, now seems to be well under way.

It is true that recovery in France also brings risks: for example, to the balance of payments and to the attempts to restrain inflation. Even an

Elections

Two other factors could help. The first is that the alliance of the Left is not necessarily unshakable. External events—for example, Soviet policy towards Yugoslavia—could put it under very severe strain, and the present government will not doubt look for every opportunity to insert a wedge. The second is that the 1978 elections are legislative only: the National Assembly could be dissolved and new elections called if President Giscard were unable to name a government. Alternatively, he could call an early presidential election in the hope that the Left would then be solidly beaten. Taking all these chances and opportunities together, the odds are that the Left will be stopped.

Dr. Kissinger: the President's loneliest man

BY JUREK MARTIN IN WASHINGTON

HENRY KISSINGER has been the embodiment of American foreign policy for the past seven years. Any discussion of its confused and fragile state at present must ultimately focus on him, his attitudes and his relations with the other parts of the American power structure. But perhaps a better perspective of Washington and the world it surveys may be gained by concentrating initially on somebody else, partly because of what he stands for as an individual and partly because of what he represents — the U.S. Congress, the legislative branch of the American Government, which to an outsider may be the most misunderstood institution in the country.

Mr. Dick Clark is a freshman senator from Iowa who always wanted to be on the Senate Foreign Relations Committee. He was only too happy to earn his spurs on the most insignificant sub-committee of that august body, that dealing with African affairs. On his own admission largely ignorant of the continent when he started, he had every reason to suppose he would endure an unexciting apprenticeship for America's African policy, as outlined by the Kissinger memorandum of January 2, 1970, was one of essential non-attention.

The war in Angola, above all, changed this. As much as any other Senator, Mr. Clark was responsible for denying the U.S. Government the funds to continue its semi-clandestine activities in the former Portuguese colony. He became, suddenly, a Washington celebrity, attacked by the Administration and its conservative supporters as an example of Congressional interference in foreign policy, hailed by liberals as the epitome of the new Congressional conscience which would not allow an Administration to dictate policies over the heads of the nation's elected representatives.

In reality, Senator Clark is neither. Last week, he did propose a piece of legislation which would oblige the Administration to present more foreign treaties to Congress for ratification, rather than denominating them as "executive agreements" not subject to Senate approval. But his attitudes, overall, are far more pragmatic.

As he puts it: "Congress may theoretically be institutionally capable and have the potential to provide an alternative foreign policy. But, as things practically fall, it is unlikely to do so." Distracted by hordes of other

responsibilities on the domestic front, "our role is invariably a negative one." In practice, he says, "we do not know enough about the subjects on which we are supposed to take positions." He would prefer it to be otherwise, but finds himself only too aware of the ebb and flow of congressional sentiment. The Legislature, he feels for instance, will almost certainly now not enact any form of meaningful supervision over American intelligence activities, in spite of the mood at the turn of the year to do so.

One fact of life does remain: that after the executive excesses of Vietnam and Watergate, no Administration, for some years ahead, will enjoy the freedom of operation exercised by Presidents Johnson and Nixon. In this sense, the pendulum has swung back towards the Legislature. Within the boundaries of that major swing, it may still move back and forth with smaller variations. But, as Senator Clark sees it, unless the Administration tries to hoodwink Congress, issues will tend to be decided on their individual merits. That may well be construed outside the U.S. as the re-emergence of neo-isolationism, but — and this is important — it is not seen as such inside the Congress.

Presidential aspirations

As far as Dr. Kissinger is concerned, all of that is so much balderdash. The message that he has been preaching around the country of late is that any evidence of dissension within the U.S. weakens American credibility in foreign eyes. Ostensibly he has been directing his admonitions against two men with Presidential aspirations, Mr. Ronald Reagan from the Republican side, and Senator Henry Jackson among the Democrats. Both have accused him of fostering a defeatist foreign policy as far as American relations with the Soviet Union are concerned. But it seems improbable that either will end up with the nominations of their respective parties. Dr. Kissinger must know that: he may not be a purebred politician, but equally he is not naive politically. Therefore his warnings can be seen in only one of two lights: as a philosophical and deeply felt homily for the Congress, and for the Democrats who control it now, and will almost certainly continue in control after the elections in November; or as a reflection of

the political dictates of the Ford Presidential election campaign.

Just before Christmas, Dr. Kissinger's stock with the Congress was so low that there were open mutterings about his impeachment. These have been quelled, perhaps because of the ebb and flow of Congressional sentiment, perhaps because it is realised that his tenure as Secretary of State will not last beyond next January, when the new President, whoever he may be, is inaugurated. Indeed, the question now is whether Dr. Kissinger's greatest problems lie with the Congress or with the Administration of which he is a member.

It can be argued that Dr. Kissinger has become a movable pawn in President Ford's election campaign. Two of Mr. Ford's oldest cronies, Mr. Rogers Morton and Mr. Melvin Laird, have spread intimations of Dr. Kissinger's mortality, for purely political reasons. There is evidence that his desire for speedier rapprochement with China has been delayed not only by the upheavals in Peking, but by the political necessity, in Republican eyes, of not abandoning Taiwan before the Reagan challenge for the nomination is removed. The SALT talks with the Soviet Union are in some measure hostage to the election. And the President himself, perhaps unknowingly, has done his level best to embarrass the State Department over the Panama Canal negotiations, simply because Mr. Reagan has been making hay over the issue with intransigent statements.

There is, too, a discernible difference in the way Mr. Ford and Dr. Kissinger express themselves on America's global role. The Kissinger exposition, enunciated in his frequent speeches around the country, remain complex but lucid, conditioned by balance of power considerations and by the need to find a modus vivendi with the Soviet Union now that America no longer enjoys global supremacy. Mr. Ford, partly from personal conviction, partly as a result of Mr. Reagan's criticisms that the Secretary of State is consigning the U.S. to secondary status, and partly because of his efforts to get Congress to sanction increased military spending, is much more basic: he has expunged "détente" from the political lexicon. A cynic might be excused for concluding that the President is too often guilty of that sin of which Dr. Kissinger invariably accuses his critics — that of reducing everything to the lowest common denominator of campaign rhetoric.

But, at the crunch, so far



Mr. Ford has stuck behind his foreign policy guru. He might want to offer the job to somebody else: to Mr. Donald Rumsfeld, his trusted Secretary of Defense; or Mr. John Connally from Texas; for example. But the evidence is that such a switch is not imminent. Dr. Kissinger may be a lame duck Secretary of State, he may be battered and in part discredited, but for the moment he still runs the show.

But for the Democrats who oppose him it is now not merely fashionable but positively respectable to take issue with his concepts of the American role in the world. At a conference in Washington last week Dr. Kissinger found himself matched against three Democratic foreign policy advisers, Mr. George Ball, Mr. Paul Warnke, and Mr. Zbigniew Brzezinski. The Kissinger thesis is now well worn — that Communists in Government in Western Europe must mean the end of Nato and the end of the European-American democratic alliance as a moral force in the world. His belief is that if the chips are down any Communist Party in Western Europe must answer to the beck and call of Moscow.

The opposition view is that the U.S. must deal with foreign national realities. If power slips from the Christian Democratic Party in Italy, it will be because of its own inadequacy. All the U.S. can do about it would be to deal with the new situation accordingly.

The controversy over the "Sunnenfeldt Doctrine" shows how thoroughly Dr. Kissinger is going to be skewered whichever way he turns. When the first draft of the briefing given by Mr. Holmut Sonnenfeldt Dr. Kissinger's right hand, to American ambassadors in Europe last December were published, the Secretary of State was pilloried for even entertaining the notion that Russia should be allowed organic

hegemony over the countries of Eastern Europe. When it transpired that what both Mr. Sonnenfeldt and Dr. Kissinger himself had argued was that a Communist accession to government in Western Europe should be resisted at all cost, this view was severely taken to task. What was overlooked was the fact that much as Dr. Kissinger may threaten to withdraw American troops from Nato, there is grave doubt whether Congress would agree to it. After all, this is a Congress which, for the first time in years, has no plans to discuss the Mansfield Amendment calling for cuts in U.S. troop strength overseas. It has agreed to sharply increased defence spending, its Democratic mainstream is saying that the U.S. should concentrate on its traditional allies in Europe and Japan, reassure them of U.S. military backing, and not seek to impose itself unduly on their individual rights.

Congress can, of course, be capricious. There is every chance that ethnic allegiances

will be put to a test to block U.S. aid to Turkey and Greece. It will be because the U.S. does its work well, like multi-year commitments to it because it feels pangs on the cold, doubly important: budgetary protection government should be allowed organic

Spa ba The Spanish could also be a sentiment, though congressional moment is the to lend what can to the growing democracy. Little consoling have been seen, soars to create the exercise, external power, matter of great Kissinger himself has been at it of that power it given, a much, critics State, and a D it is a fact of it is why it may understand of the Washington Henry Kissinger

MEN AND MATTERS

Not our ball game

Would the real snooker/billiards/pool fan stand up please. He has both me personally, and the Financial Times corporately snookered. In the last two days we have had no less than five letters (all perfectly addressed even down to the correct postal code) from Taiwan. All five are offering to supply us with equipment related to cue games, quoting three different sources as to our need, and the truth is that we don't really want to know.

Nevertheless, whoever perpetrated the diabolical deed of suggesting that the FT was in need of such implements achieved two things at least. On the one hand it showed just how competitive are the Nationalist Chinese: five letters just on billiard cues? On the other it gave me some super examples of English from abroad.

I quote, "We have got your esteemed name from the News Economic, and we know that you might be interested in the importation (sic) of cues... For many years we have been selling our products to America and Japan with very good experience and performance. We'd be very pleased to serve your orders if you give us the opportunity."

That came from Chan Mo Enterprise Company which, I am afraid, is slightly upstaged by the Werts Enterprises Company. Obviously worried by the Sex Discrimination Act its letter is headed M/s The Financial Times. Ironically, it signs off with "we await your good news."

Lack of space prevents a full catalogue of the letters received, so let me finish with a quote from the delightfully titled Ever Shining CCW Trading Company. They inform us: "You will observe that the prices quoted (sic) are exceptionally low and as they are likely to rise very soon due to petroleum hike, we would advise



"I wish there was a legal way of doing that!"

you in your own interests to place your order as early as possible."

A powerful sales line gentlemen, but we really do not want to deal. Sorry.

BR plus

When Peter Parker starts on one of the country's most unenvied jobs on September 12 — the chairmanship of British Rail — he will set a precedent for that board by retaining his links with the City, in the short term at least. Of his existing dozen or so directorships, he is being allowed to keep a couple of non-executive posts for a period of 12 months.

These will be at the Rockware glass group and H. Clark, two companies where he has been chairman. No previous BR chairman has been allowed a similar concession. The two outside directorships will pay a modest £1,000 each: much has been made of Parker's financial sacrifice in accepting BR at £23,330 a year.

It is unusual for nationalised industry heads to keep on other

directorships, an exception being Freddie Wood, who combines the part-time chairmanship of National Bus (Parker will be full-time at BR) with jobs like heading the Crodia International chemical group. The Department of the Environment explained last night that it was at ministerial discretion whether a nationalised industry boss continued with outside interests. There must be nothing conflicting with the principal task.

It is unclear yet whether that counts out the British Airways Board on which he has sat since 1971.

Roubles resolved

West Germany's Federal Finance Ministry has just resolved the vital moral and philosophical debate of what constitutes a "legal tender." It has taken the past three months to decide that the Russian 10-rouble gold piece — officially forbidden to Russian citizens — is actually a coin proper rather than simply an officially-blessed medal for export consumption only.

Abstruse though it may appear on the surface, the argument has far-reaching cash implications. If the Russian gold piece was judged a medal it would be subject to Value Added Tax, a fact that would certainly make it far less interesting to prospective purchasers.

The 10-rouble gold piece was introduced to the West German market in December by the Dresdner Bank, the Republic's second largest commercial bank. Before it did so, the Dresdner, with true banker's caution, checked with the Finance Ministry and back came a letter, dated December 3, stating that the gold piece was not subject to the tax.

By late January, however, the Ministry was having second thoughts, prompted apparently

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Observer

Monetary crunch—but not till next year

IT WAS A slow burn, but a big dramatical: but the Government's fiscal stance has not changed. The Chancellor's undertakings on monetary policy are not down after his Budget speech, he was enough to stop a vigorous, gutted market in mid-rise; and it is hardly surprising, Mr. Gordon Pepper, who has established himself over the years as the most persistent critic of official monetary policy, and the prophet whose warnings have been an uncomfortable habit of being justified by events, told us in a few savage pages that everyone—the Chancellor, the markets, all the commentators to date, and indeed, by implication, the Bank of England and the International Monetary Fund—had got it wrong.

The Chancellor has been accused of small errors of economic judgement—probably a little too expansionary, in the view of the Treasury, a little too tight, according to the TUC. Supported, oddly enough, by at least one stockbroker, Phillips and Drew, only a day before the Greenwell explosion. But according to Greenwells, the error is monstrous. The Chancellor, like a Bourbon king, had learnt nothing and forgotten nothing: he was repeating the errors of the then Mr. Anthony Barber.

The accusation, and it is a cogent one, can be summed up roughly as follows:—

● We are living in a fools' paradise. The unprecedented combination, last year, of deep depression and rapid inflation made a huge public sector deficit absolutely necessary, since saving was high—a reflection of the collapse of confidence—and a large increase in the money supply was required to finance the inflation. With confidence reviving and inflation falling, these conditions are changing

dramatically: but the Government's fiscal stance has not changed. The Chancellor's undertakings on monetary policy are not down after his Budget speech, he was enough to stop a vigorous, gutted market in mid-rise; and it is hardly surprising, Mr. Gordon Pepper, who has established himself over the years as the most persistent critic of official monetary policy, and the prophet whose warnings have been an uncomfortable habit of being justified by events, told us in a few savage pages that everyone—the Chancellor, the markets, all the commentators to date, and indeed, by implication, the Bank of England and the International Monetary Fund—had got it wrong.

This is a grim indictment, and it is not easy to fault its internal logic—though I would argue that it is misleading to base an argument about the money supply on the increase in the Treasury's planned financial deficit (which happens to be rising faster than notional income) rather than on the borrowing requirement (which is rising more slowly). It is the borrowing requirement which measures the problem to be met in the financial markets. But this does not alter the picture radically.

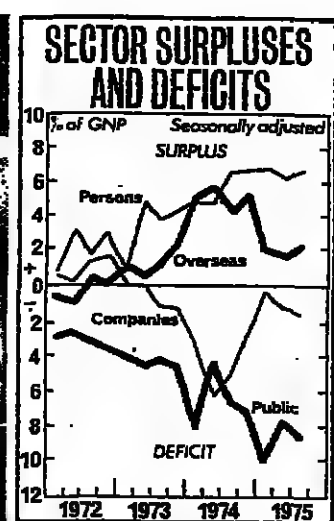
Attack

The argument, if we are not simply to sit back and await the Weimar collapse of the currency, must be based on more fundamental considerations. These attack the fairly pure monetarist position adopted by Greenwells from a number of points of view:—

1—The monetarist position is that the fatal mistake was made in 1972/3, when the Government applied a sharp fiscal stimulus on top of a



Freddie Monnet



Freddie Monnet



Freddie Monnet

terms, should be improving sharply. The turn-round should be fairly dramatic. As for fiscal policy, then, it is possible and even likely that Mr. Healey has made a similar (and relatively mild) mistake to the one Mr. Barber made in his 1972 Budget. But where Mr. Barber went on to bigger and worse errors, Mr. Healey's plans provide for a correction. The monetary policy undertaken in his Budget speech further implies clearly that if the money supply does begin to develop as Greenwells fear, then he is ready to take fiscal action (regulator taxes or emergency spending cuts) at an early date. A deficit may be a deficit, but chalk is not cheese.

In any case, was the deficit the real problem in 1973-74? It is surely clear that the major error was not so much in fiscal policy as in monetary policy. The huge credit expansion of 1973-74

was a mixture of politics and technical middle: the authorities really did not know what monetary expansion meant, since the banks were bidding bank business which had been lost, in unknown amounts, to parallel markets. Disaster was accomplished with almost total complacency (Greenwells excepted). It is quite possible to believe that the present targets for monetary expansion are rather too high, or the rules a bit too lax; but a return of the insouciance of the Barber era is surely unthinkable.

However, one point remains to be faced. Mr. Healey may be planning to mend his ways (and we will come to the question of whether he is to be believed); but the sin he has to redeem is much bigger than Mr. Barber's. His propensity to spend above his income is twice as great, measured against

GDP; and this would suggest at first sight that his problem is twice as great. However, one must look behind the totals (as Greenwells do). I should add with all haste).

Mr. Barber got into deficit by allowing public expenditure to rise (its growth accelerated throughout his period of office), while cutting personal taxation: personal disposable income rose by nearly 7 per cent. in 1972, and six per cent. in 1973, and real consumer spending by 5½ and 4½ per cent. in those two years. This consumer boom drove companies to borrow, to finance expansion, as well as sucking in imports.

This time round the tax cuts are in favour of companies, through stock appreciation relief; growth is being led by exports, which also generate company income. Real personal disposable income

is falling at the moment, and is likely to fall further next year: any rise in consumer spending financed by reduced saving (or increased borrowing) is likely to be modest and tentative.

The financial implications of this total change in the sector pattern are profound. Company cash flow is improving sharply; but the corresponding spending on capital investment (the big generator of domestic demand) is likely to follow only after a considerable time lag. If companies choose to stockpile raw materials, the main impact will be on the balance of payments, leaving the Government's domestic borrowing unchanged.

A mirror

This last point reflects, mirror-fashion, the Greenwell argument that what appears good news for the economy may be bad news in a monetary sense. A big transfer of income to companies may prove to incur a bigger risk for the balance of payments than for the money supply this year—though next year, as investment returns to a more normal level, the picture could be very different.

Finally, it should be noted that from next year it is not only planned that the public sector deficit should be cut, but that debt interest, will account for a rapidly rising proportion of what remains. How far borrowing to pay debt interest is "permissible" is still a subject of heated, and highly technical, debate during rapid inflation bedevils judgment both of policy and numbers. However, everyone seems agreed that payments of debt interest are less worrying in their implications than other forms of public spending; therefore the turn-round

planned next year is bigger than the figures suggest. It must be stressed that the arguments in this article, so far as they are valid, do not so much refute the Greenwell warnings as push them somewhat further into the future. Some correction may well be required this year, but it does not seem to me likely that it will need to be of the drastic kind implied by the monetarist arguments; but next year the turn-round really will have to be large. Otherwise, a crunch in the second-half of 1977 will be virtually inevitable.

It is crucial, then, to judge how far Mr. Healey's promises of amendment are to be believed. That there will be accidents, and calls on the Government's contingency reserve, cannot be doubted; but everyone close to public spending seems to confirm that there has been a real and profound change in the atmosphere—that the cuts are meant to stick, and that departmental administrators now count their triumphs in economies achieved rather than larger budgets won. This is no doubt too rosy a picture, but there is another suspicion in favour of hope: that the Budget figures really are on a cautious side this time. The revenue projections look rather too low, and the debt interest estimates too high, to be consistent. It will not be altogether surprising if the authorities are trying to restore their shattered reputation for management competence by providing themselves with a safety margin in the estimates. But one thing is clear: the estimates must be achieved or bettered, and monetary restraint imposed, if we are to escape the Greenwell doom. There is no further room for error.

Letters to the Editor

Overtime and unemployment

From Professor A. Sykes

Sir—Mr. Jack Jones has produced a master plan for ending unemployment by reducing the working week from 40 to 35 hours. The latest figures available from the Department of Employment, those for the week ending January 10, 1976, show that of all operatives employed in manufacturing industries, 27.5 per cent. worked overtime, averaging 7.5 hours each for the week. In some industries the figure is much greater: in mechanical engineering 38.0 per cent. of the operatives averaged 7.3 hours; in building 14.3 per cent. of the operatives averaged 9.4 hours. And, in a section of the over-manned steel industry, "Other iron and steel," 40.7 per cent. of the operatives averaged 8.3 hours overtime.

Since the war the working week has been reduced in theory—from 48 to 40 hours, and each reduction has been followed by an increase in overtime working. An irreversible reduction from 40 to 35 hours would presumably be accompanied by a further increase in overtime. This would add substantially to the costs of British industry even if the reduction in hours meant an equivalent reduction in weekly earnings—a point on which Mr. Jones is suspiciously silent.

Mr. Jones is trying to end unemployment or to defeat the pay policy? May I suggest that a trade union campaign to reduce overtime to the level of our trade rivals might help the unemployment situation in more ways than one.

A. J. M. Sykes.

Department of Sociology, University of Strathclyde, Livingstone Tower, 26, Richmond Street, Glasgow.

Railway outlook

From The Editor, Railway Gazette International.

Sir—Your comment (April 14) on the Government's transport policy document concludes that our railways should carry even less passengers and freight than they do now in the interests of economy.

Quite apart from environmental implications, this does not even make economic sense. For the Government now accepts that low productivity lies at the root of BR's financial woes, and a run-down in rail traffic can only make productivity even worse in a vicious circle where it appears almost impossible to make staff redundant. Strike action to stop London commuters getting to work is still an effective weapon which the rail unions will not hesitate to use if management attempts the near-impossible task of increasing productivity in a declining industry.

If railways were technically obsolete, a policy of run-down would still be justified because the financial drain on the Treasury would have to be stemmed eventually whatever the terminal cost. But reference to the policy document to much higher levels of productivity achieved on similar-sized railways overseas suggests otherwise. If, by some miracle, BR is to achieve French or Dutch levels of productivity overnight, it would need 130,000 and the freight business at least would be highly profitable.

This is, indeed, a pipedream. But the possibility of achieving a similar result over five years by doubling freight revenue is not such a capture of only 15 per

cent. of the 300m. tons now moved over 30 miles by lorry each year would be sufficient. Such a result could be achieved by a second-generation Freightliner system offering overnight transit between any pair of, say, terminals provided the increase of a much cheaper road/rail transfer system and intermediate rail/rail container sorting arrangements can be worked out along the lines proposed earlier this year by BR's own research department.

Present rail movement costs and delays inherent in traditional mainline arrangements would make such a scheme quite unworkable, both on cost and service quality grounds. The Government is right in saying that our railways—as they exist now—cannot compete for more freight. In theory, however, we could do even better than the Dutch or French because—being on an island—we are free to adapt rail technology relatively quickly.

So the problem for BR's new chairman is this. The unions have said they will talk turkey over productivity given more investment in rail and no redundancies; there is no prospect of getting more investment without demonstrating to Government that more revenue will be earned; and this cannot be proved until major productivity gains have actually been negotiated. If, however, Peter Parker can break into this magic circle the redundancy problem is half-way to being solved.

To adopt deliberately the course you advocate would bring severe problems in the shape of strikes, even higher deficits, and deteriorating service to the point where the national rail network as such disintegrated—an end result which, in practice, few people seem to consider desirable.

Richard Hope, Dorset House, Stamford Street, S.E.1.

Investment Trusts

From Mr. J. Grinmond, MP.

Sir—I believe that investment trusts are standing 20 per cent. and even 30 per cent. below their asset value. Over the last 70 years or so these trusts have done their stockholders proud. But is their day waning? I hope not. It would seem now, however, that it would be to the advantage of their shareholders to wind them up or change their nature.

One well-known Scottish Trust announces that it intends to reduce its dividends. This may suit its rich shareholders but is hardly an encouragement for the small investor whom we need and to whom trusts of one sort or another should be of particular value. In times of raging inflation this seems a disheartening decision. I wonder if the directors of this trust, apparently so disdainful of income, are going to reduce their fees?

There is always a tendency to resist change. I hope that someone can make a better case for continuing investment trusts in their present form than the suggestion that something will turn up.

J. Grinmond, House of Commons, S.W.1.

Cinema scope

From Mr. G. Craxley.

Sir—it is so true what Nigel Andrews says (April 9) about the "asinine commercial faddism" exhibited in Britain's provincial and suburban cinemas. It has never ceased to make

me seethe with anger and frustration, particularly as I feel sure that this in some part is responsible for falling attendance figures. Whenever I tackle anyone remotely connected with the industry about this they come out with the old bromide of "having tried more original stuff but not drawing enough people," or variations on that theme interlarded with market research jargon, much of which sounds secondhand.

I think the provincial cinema in this country has been permitted to slow suicide through lack of courage, enterprise and energy. They have had a marvellous chance recently when, as you point out, many have split into two or three mini-cinemas. When this happened I really thought there could be a great revival of interest. I envisaged a policy whereby screen 1 would be for new releases, screen 2 for popular revivals, and screen 3 for the more "arty" product or foreign films.

But what is the result? A mish-mash of stale old releases, tired westerns or horror films of an almost incredible banality and lack of imagination. Is it any wonder that sometimes the projectionist must marvel at the waste of his time, showing a film to an empty house?

G. C. Craxley, "Mirasur," Nightingale Road, East Hoveley, Surrey.

African wages

From Mr. B. Vasek

Sir—Mrs. Lipton (April 14 and 15) allows her enthusiasm for "constructive engagement," whatever that may be, to lead her into a number of quite unwarranted conclusions. In her letter, for example, she includes figures for disposable income which appear to show that the gap between Black and White, in this area, is decreasing. She does this, however, by assuming static population throughout. If we rework the figures using the real population changes over the period, we find that in the 10 years 1964-65 to 1974-75 the actual change per head was from 10.94 to 1 to 10.95 to 1, which rate it will take over 10,000 years for Black and White to achieve parity.

This leads to the further observation that if Mrs. Lipton's figures for the industrial, commercial and Government sectors are correct, then the gap between White and Black in other areas—where 70 per cent. of Black labour was employed—must have been actually increasing. Particularly one considers that the top 30 per cent. of Black workers must share some 70 per cent. of the total wages.

Mrs. Lipton makes much of the "real" increase in Black wages, although admitting that these have been delated by the general cost of living index. In the period from June 1973 to 1975, however, food, which accounts for the bulk of Black expenditure increased in price by 37.1 per cent. compared to a 28.6 per cent. increase in the general cost of living. Indeed, only taxation, which for Blacks increased by 75 per cent. over the same period, showed a more massive jump.

Perhaps the central point to be made, however, is not just that Mrs. Lipton's figures are argued from tiny statistical bases (for example, Black employment in commerce which accounts for less than 0.1 per cent. of the Black population) or irrelevant to the large majority of the Black people, but that to argue from percentages at all is totally misleading in the context of the massive poverty of Blacks and the enormous affluence of Whites. When the gap in

incomes is as large as 11 to 1, it is basic arithmetic to see that even if Black incomes are increasing 10 times as rapidly in percentage terms as White incomes, the monetary gap is still widening.

Counter Information Services, 8, Poland Street, W.1.

From The Chairman, Christian Concern for Southern Africa

Constructive discussion

From The Chairman, Christian Concern for Southern Africa

Sir—The note at the bottom of Merle Lipton's article (April 14) gives a somewhat misleading impression of the nature of the forthcoming Christian Concern for Southern Africa publication, South Africa: Constructive Engagement or Total Disengagement? Mrs. Lipton's Paper, on which your article was based, is but one of the views expressed in the report. A different perspective is presented by Abdul Minty, Hon. Secretary of the Anti-Apartheid Movement, in his Paper on the case for the total disengagement from South Africa.

Neither Paper necessarily represents the view of CCSEA but they are offered as contributions to the growing debate on this important issue. We hope that businessmen and others will read this report with an open mind and that it will prove a constructive contribution to discussion. The report is to be published next month.

T. B. Jensen, 1, Cambridge Terrace, Regent Park, N.W.1.

Pension schemes

From Mr. A. Linfoot

Sir—The closing sentence of Mr. Nottage's letter (April 14) moves me to comment on the theme to which he refers. He writes: "Does Britain really need to gamble so much...?" that is by funding pensions. But can Mr. Nottage really believe that it is a lesser gamble to fund pensions than to pay all our pensions from current income, when we have an increasing number of retired people; a decreasing proportion of people of working age; a decreasing level of real wealth; and no abatement of competing demands for current resources?

Comparison with Germany, or other European countries which do not fund pensions, would be significant only if there were not other major economic differences. In any case, it remains to be seen how far unfunded pensions in those countries will be able to survive substantial demographic changes.

Of course adequate funding is impossible during a time of high inflation, and it is then of the advantage of an individual, group, to ride upon the providence of the rest of the community. Does the Director-General of the Institute of Public Administration need to be reminded that not everyone can do so?

Perhaps he would maintain that investment, foregone, by pension schemes would necessarily be fully replaced by other investment. Unless this were so—and it is hardly self-evident—it can surely only improve the possibility of the community's being able to feed, clothe and house its future pensioners if a proportion of current income, bearing at least some relation to future needs, is reserved from immediate consumption and devoted to increasing the community's capacity for producing wealth in the future.

A. D. Linfoot, 1, Mount Road, Canterbury, Kent.

To-day's Events

GENERAL
Provisional unemployment figures for April issued.
Ministers and representatives of OPEC member-countries expected to hold informal talks on oil price differentials, Geneva, Scotland TUC, Perth.
European Trade Union Confederation Congress opens, London.
Mr. Roy Hattersley, Minister of State, Foreign Affairs, and three-day visit to Oslo as guest of Norwegian Government.
Foreign Press Association lunch for Sir Geoffrey Howe, "shadow" Chancellor of the Exchequer, 11, Carlton House Terrace, S.W.1.
National Union of Teachers conference, Scarborough.

COMPANY MEETINGS

Allen Harvey and Ross, 45, Cornhill, E.C.1, 12.30. Glasgow and Vokes, Cornhill Rooms, W.C.2, 12.30. British Mohair Spinners, Bradford, 12, Ball, Engineering, Dorchester Hotel, W.12, 12.30. "Investing in Success Equities," Regis House, E.C.1, 10.45. Norfolk Capital, Norfolk Hotel, S.W.1, 10.30. Rolls-Royce Motors, Churchill Hotel, W.12, 12.30. Stone-Platt, Grosvenor House, W.12, Wedneshouse and Rixson, Rixson, 11.45.

OPERA

Royal Opera performances of U. Tabor, and Gianni Schicchi, Puccini, Royal Opera House, W.C.2, 7.30 p.m.

SPORT

Lawn tennis: Norwich tournament. Snooker: Final of world professional championship, Manchester.

BALLET

London Festival Ballet: Mirella, Tormis, and Pairs, Sadler's Wells, W.C.2, 7.30 p.m.

MUSIC

London Philharmonic Orchestra, conductor Carlo Maria Giulini, with Janet Baker (mezzo-soprano), perform Weber (overseas: De. Freischütz), Mahler (Kindertotenlieder) and Dvorak (Symphony No. 7 in D minor), Royal Festival Hall, S.E.1, 8 p.m.

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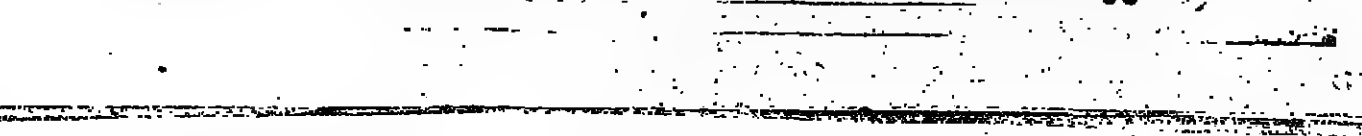
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If you'd like to speak to someone in this country regarding overseas trading in general, contact the Panel for Overseas Trade Development at 01-606 9944.

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Midland Bank Limited, International Division, 60 Gracechurch Street, London EC3P 3BN.



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COMPANY NEWS + COMMENT

Bestobell pushes ahead to £5.7m.

ENGINEERING and chemical products group Bestobell reports pre-tax profits up from £4.86m. to £5.7m. in 1973, following a first-half rise from £2.4m. to £2.18m.

Sales expanded by almost £10m. to £63m. Profits attributable to Ordinary holders emerge at £2.76m. compared with £2.19m. and earnings per 35p share are stated to be ahead from 21.5p to 22.9p.

The dividend, on capital increased by the rights issue last year, is raised by the maximum permitted—from 7.00p to 7.68p net, with a final of 4.74p.

The accounts for 1973 show extraordinary net losses of £230,000 (£228,000 profits)—these include an exchange profit on balances brought forward of £241,000 (£226,000), provision for loss of Portuguese net assets £473,000 (nil), and exchange loss of £133,000 on loan repayment (nil).

Group sales: 1973 1972
Profit before tax: £5.70 £4.86
U.K. tax: 1.00 1.00
Overseas tax: 1.75 1.75
Minority: 0.00 0.00
Profit after tax: £3.95 £2.11
Unrealised in ordinary: 0.74 0.74
Ordinary dividends: 2.94 2.94

● comment

Bestobell's overseas interests continued to make all the running in the second half of 1973 and a 17 per cent. gain in annual pre-tax profits reflects an increase in the non-U.K. contribution from 33 per cent. to 63 per cent. U.K. profits were slightly lower due to losses incurred because of a breakdown in the paint distribution services. The problems here have now been corrected and U.K. sales volume generally is beginning to pick up. However, the overseas outlook this year is less encouraging. Profits here which are six months ahead of the U.K. — are already showing a significant reduction, so the group will find it difficult to avoid a drop in the overall pre-tax level for 1974. On the plus side though, the shares at 108p are yielding 7 per cent., roughly 11 points above the industrial average and may also derive some support from the improved liquidity position. Following last year's rights issue borrowings have been reduced from £24m. to £2.4m. net (including loan stock) and this leaves the group well placed to continue its policy of expansion through small acquisitions.

Sharp drop by Hawker Marris

Turnover of tableware manufacturers, Hawker Marris increased from £19.4m. to £23.1m. during 1973 but profit dropped sharply from £173,250 to £67,706, subject to tax of £38,804 (£77,118). In the first half profit was down from £83,084 to £29,872.

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Earnings per 25p share are shown to be down from 19.4p to 15.9p at year-end and the final dividend is 3.84p net, making a total of 5.32p, compared with 4.98p.

Mr. R. N. Wadsworth, chairman, states that the home and export order book has remained very buoyant in spite of the general recession in world trade and this continues to be the case.

Sales in the first quarter of 1974 were as much as 45 per cent. above the same period of 1973 and the directors are confident that the successful and continuous record of growth of previous years will be resumed.

Edward Le Bas advance

PROFITS before tax of Edward Le Bas rose sharply from £311,000 to £354,807 in the year ended December 27, 1973, following the increase from £271,000 to £308,000 in the first six months.

In their interim report, the directors said that export companies in the group had excellent order books and those in the home market were obtaining a reasonable level of orders. Profits for the year were expected to show some increase over those for the previous year.

Stated earnings per 25p share were up from 9.87p to 10.75p and a net final dividend of 0.74p makes a maximum permitted total of 1.478p compared with 1.365p previously.

Edward Le Bas is a subsidiary of Le Bas Investment Trust. Its divisions trade in foundation and construction equipment, safety and relief valves, electrical valves, foundry supplies, agricultural engineering and system building.

Turnover: 1973 1972
Profit before tax: £354,807 £311,000
U.K. tax: 11,000 11,000
Assoc. share: 11,000 11,000
Tax: 11,000 11,000
Assoc. tax: 11,000 11,000
Aviation: 11,000 11,000
Extra-ord. debts: 11,000 11,000

Lowndes Lambert Group

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Personal Insurances

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Noble Lowndes • Noble Lowndes Personal Financial Services

A member of the Hill Samuel Group

Manders tops £2m. for record

AFTER A £300,000 mid-term advance to £256,000, pre-tax profits of Manders (Holdings) advanced 1973 £253,712 ahead of a record £207m.

Increased profits were turned in by the U.K. paint and printing ink companies at £428,052 (£350,903) but a decline from £252,116 to £225,342 was reported by the U.K. property company.

The final dividend per 25p share is 1.525p net raising the total from 1.896p to a maximum permitted 2.069p.

U.K. turnover: 1973 1972
Profit before tax: £253,712 £207,000
U.K. tax: 11,000 11,000
Overseas tax: 11,000 11,000
Minority: 11,000 11,000
Profit after tax: £221,712 £175,000
Unrealised in ordinary: 11,000 11,000
Ordinary dividends: 11,000 11,000

Price increases at mid-year plus increased market penetration helped Manders (Holdings) to end 1973 with a 30 per cent. rise in profits. This was some surprise after the cautious interim statement in September, but there was a noticeable recovery in the trade in the fourth quarter, particularly in wallpaper. Prospects for 1974 will depend on further price rises to compensate for higher import costs as well as a recovery in the building sector, of which there is no strong evidence. So any strength in the shares may come not from the traders but from the property side. With a major rent review due in 1980, the property is probably worth over £30m. against a market capitalisation of £5.5m. Without rents, the p/e is 13.

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British Midland turnaround

A TURNAROUND from a loss of £317,000 to a profit of £200,000 has been achieved by British Midland Airways for 1973. Turnover increased from £10.87m. to £14.83m.

No Ordinary dividend is recommended but all arrears on the convertible cumulative preference shares, amounting to £200,000 were paid on December 31 last year.

The year's profit is struck after interest of £37,000 (£237,000) paid

U.K. turnover: 1973 1972
Profit before tax: £200,000 £317,000
U.K. tax: 11,000 11,000
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£0.41m. by Fairbairn Lawson

FOR THE year ended January 1, 1974, engineering group, Fairbairn Lawson reports pre-tax profits of £411,228 on turnover of £10.19m.

Due to a change in the year-end, comparative figures are for the six months to January 2, 1973 and show pre-tax profits of £127,929 on turnover of £4.06m.

Stated earnings per share for the year are 5.37p (1.50p for six months) and a net final dividend of 0.975p makes a total of 1.7875p absorbing £35,335 — a single 0.8125p was paid previously.

The directors say the year's results are in line with forecasts. Satisfactory development of the company continues and future profits will reflect this.

Proposals will be put to shareholders for the issue of 500,000 new Ordinary shares from the existing unissued capital to Club Europe at 40p a share. Club Europe's parent, will then hold increased capital.

U.K. turnover: 1973 1972
Profit before tax: £411,228 £127,929
U.K. tax: 11,000 11,000
Overseas tax: 11,000 11,000
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'We must never forget that it is industry which produces the wealth on which we live'

Lord Plowden

A past year has seen the world recession, the highest unemployment and the greatest falls below trend in output experienced by the developed nations in the post war period. This experience came rather late to employment in Britain, but its full force developed during the year. It is not surprising, therefore, that it has been a difficult year, especially for our overseas and for the Domestic Appliance Division at home.

These circumstances it is a highly creditable performance that our profits were £42.3m., but allowing for the higher rate of inflation these are lower than last year and insufficient to finance the investment we need in capital and working capital.

During the thirteen years in which I have had the privilege of being your chairman there have been a number of changes which have been mentioned in my reports but which I will try to summarise briefly.

Between 1963 and 1975, sales and profits both multiplied more than fourfold for the fall in the value of money the growth was about 65% in money. That represents a little more than 4% per annum, which compared with the long term growth rate of the U.K. economy of rather less than 3% per annum suggests that T.I.'s growth has been satisfactory though not spectacular.

Rate of Inflation

However, what has really distinguished the latter part of this period has been a high rate of inflation, as we all know to our cost. In my 1971 statement I said the work being done by the professional institutions to introduce a new practice on inflation accounting. Two years later, in 1973, we followed the procedure recommended by the profession in a supplement to our accounts. During the last year the Sandilands Committee has reported, a Government has accepted the broad lines of its recommendations. A committee has been appointed to recommend the actual procedure to be used by companies from 1978 onwards. There are some important differences between the Sandilands recommendations and the CPP approach, mainly relating to the treatment of monetary and holding gains. This committee has a difficult task ahead of it. Until all this has been resolved we continue to give the CPP information.

Whatever arguments there may be about the way to account for inflation, there is no dispute that the real return on capital in manufacturing industry and a share of Gross Domestic Product represented by industrial profits have been declining steadily for many years and have now reached dangerously low levels. The result is that industry is not generating enough profit to modernise equipment and to meet the increased demand for working capital which is particularly heavy as trade improves. The remedy lies with Government conduct of the economy and in its attitude towards profits expressed, for example, through price controls and taxation policy.

Extension of Overseas Trade

In my recent statements, notably for the years 1972 and 1973, I gave some indication of how we had deliberately changed the balance of the Group from predominantly concerned with capital goods to one where about half the sales go into or consist of consumer products.

During this period we have made tremendous efforts to increase our overseas sales: these have gone up from 25% to 42% of total sales. This has been done in two ways. First by increased exports, which have risen from 20% to 35% of our U.K. output; and second by selective investment abroad, largely in the form of U.K. operations. For example we have built local assembly plants in the U.S., necessary in order to overcome tariff barriers, which assemble components exported from this country. We have invested in stockists who handle U.K. exports like steel tubes and in plants in heavily protected countries where we can exploit our technical expertise.

Executive Committee

In 1963 T.I. was nearing the end of a period of major expansion, having been formed in 1959, together with Reynolds Metals of U.S.A., the British Aluminium Co. In 1960 Raleigh Industries joined the group, while the massive investment in the Park Gate Iron & Steel Co. was well under way. This rapid growth raised a number of problems of organisation. The main problems were to develop a central structure which would give coherence to a diversified group, and find the right balance between this and the necessary freedom of action of individual concerns.

The main instruments were the formation of the Executive Committee in 1963 and the strengthening of the divisional structure. I discussed the main lines of central management in my statement for 1973.

We have continued to refine the systems with which T.I. is managed. The centralised nature of the Group has been maintained, with its emphasis on management. At the same time financial disciplines have been improved and corporate planning has been developed to ensure that investment and development are fitted to a broad strategy for the Group. Thus the acquisition and development policy in the last few years has been concerned with logical development into areas related to existing businesses. The policy of day-to-day management has enabled the Executive Committee to concentrate on the broader strategic issues and policies. The general effect of this has been a clear-cut chain of command and responsibility and at the same

time a great deal of freedom for individual management within the general lines approved by the Division and if necessary by the Executive Committee.

Communication within T.I.

One of the ways in which we have tried to keep management informed about Group strategy and policies is through the annual Chairman's Conference for senior managers, at which there is a review of the progress and plans of the whole Group. This is supported by similar conferences at the divisional level. This policy has been a success and there is no doubt that it has developed a much greater sense of "belonging" than was evident twelve years ago.

Below senior and middle management level we have found, not surprisingly, that by far the greater number of people at all levels are predominantly interested in their individual place of work. It is a commonplace that industrial relations tend to be most difficult where there are large numbers employed at a single works or works complex, so that communication becomes difficult and more formal and the individual tends to feel that his contribution is less important and appreciated. This is a limiting factor which has not been sufficiently considered by industry in the past in decisions about the optimum scale of production. Our own policy has on the whole been to avoid large concentrations, and we invest and give employment on a variety of sites. This must, I feel sure, be a factor in our generally harmonious labour relations.

We have over a hundred companies or sites in the U.K. Half the sites have less than 250 employees, one quarter have 250 to 500 employees, of the rest all have less than 1500 except five which have less than 2500 and one which has about 6500.

On some of the larger sites the total numbers given above include more than one company with quite separate workforces and managements.

The Contribution of Private Enterprise

In my statement last year I spoke mainly of the difficulties caused by Government policy and of the attacks on management, and the private sector. Since a government in the last resort depends on public opinion, business generally is slowly realising that it has got to win the battle for public opinion if it is to withstand the more obvious attacks from politicians. It is clear from public opinion surveys that there is a great deal of ignorance about the part played by private enterprise and by business profits in the growth and prosperity of the country. The business world itself must try to explain itself to its own employees. Last year we made available to all employees a special report on the year's results, the effect of inflation on the business and other features. This provided the background for individual operating companies to explain their business results and prospects to their employees. We have learnt much from this first effort and will produce this year a report taking account of what we learnt last year.

The Changing Business Environment

This brief survey of the changes in T.I. which have been directed primarily towards improving both its efficiency and its coherence, leads me to reflect on the general problem of adapting an organisation in a rapidly changing environment. I was compelled to think about this in a different context when Sir John Partidge and I were asked last year to look at the structure and policy of the CBI, which was just completing its tenth year of life. We heard a great deal of evidence. Our diagnosis was that the business environment had changed so rapidly in these ten years, in a way generally hostile to private enterprise, that the organisation of the CBI had not been able to make the necessary changes fast enough to enable it to develop its full potential in the different and more hostile environment.

In the business world, and in any organisation which has to struggle for survival, a high morale would almost certainly be regarded as the most valuable of all assets. This requires some form of commitment by the members, an identification with the organisation and with what it is seeking to do. Most people want to feel that they belong to or are associated with some organisation, be it tribe, village, club or firm; they want also to be appreciated. But identifying with something can only be achieved if, at least to the person concerned, that something has an identity. It is thus a real problem for management to decide on what gives a firm its identity and the extent to which it is possible and desirable to preserve this during periods of rapid change.

The Importance of Management

First of all we must never forget nor let our critics forget that it is industry which produces the wealth on which we all live. Efficient management is crucial to the success of industry in executing this task. Management should be encouraged not discouraged. The constant denigration of British industrial management that comes from politicians, trades union leaders, many people in the City and the media, must stop if the best young men and women are to go into industry or to remain if already there. As someone who has spent many years seeking young men and women to promote, I know how scarce they are in relation to the demand, which is very large and growing. Critics should realise that young management is mobile, that the Continent is only 21 miles away, that the young learn languages easily, that emigration for the skilled to the English-speaking world is easy and that salaries and employment conditions in public administration are attractive, particularly if industrial management is said to be something to be ashamed of. There is no doubt that discrimination over recent years against middle and higher salaries, and the consequent difficulty of giving

adequate increments to middle management, have caused widespread dissatisfaction amongst these vitally important young men and women. There is a growing tendency among the best to think that emigration may be the only solution to their difficulties.

The Vital Role of Profits

In the private sector the first requirement for survival is profitability. This is often overlooked by Governments, by trade unions and by pressure groups concerned about social responsibility. It is however not only the condition of survival but, as anyone with business experience knows, it is an important factor in the morale of a business. This extends throughout the whole range of the staff. If a concern is doing badly there is the deadening effect of apprehension about the security of their jobs, but almost everyone thinks beyond this and wants to know that the product of his labours is wanted and appreciated by those who are going to buy it. A competitive business can only be successful when it meets this requirement, that is when its products are wanted by the public and are produced at least as efficiently as by its competitors.

This, the first requirement for survival and also for morale, confronts us with the fact that it will certainly require constant change. In every department it will be necessary to try to foresee and to adapt to changes in markets and in techniques; and at the same time to ensure that the best use is made of the staff themselves, not only by keeping them up-to-date with plant and equipment but also by a personnel policy which gives opportunities to those who can make use of them, tries to adapt the load to the shoulders on which it is to be placed, and sees that when this is done everyone carries his fair share according to his capacity. It is just as important to morale to recognise bad work as well as good.

But for many people, although they want their organisation to survive and to be successful, change is unwelcome. This reaches its extreme form when it is necessary to close down an operation altogether or to transfer it to a different place. It is also a constant problem for management in making the changes involved in almost all improvements in technique. The natural dislike of having to learn to do something in a different way is reinforced by fears of redundancy or by resentment that someone else may be given a job which you have come to think is your own property. Demarcation disputes, which seem so silly to people not directly concerned with industry, are nevertheless grounded in something fundamental in all of us, which we would all reveal if faced with the need to surrender something we have come to regard as our own.

Survival Means Change

This is the essence of the problem: how to reconcile the necessity for change as a condition of survival with the adverse effects on morale of changes which will affect some individuals in a way they do not like. This is the way in which what is in fact a general problem affects the individual firm. It is the same for the community as a whole; changes which are beneficial to the community may nevertheless have effects which are harmful, or regarded as harmful, to some members of the community.

A business firm is in the last analysis a group of individuals all of whom can be removed or leave, and indeed all inevitably disappear by retirement if they survive earlier hazards. Nevertheless it is a living organisation which must be able to change without losing the identity it has established.

In this context it seems to me that for the individual firm two things stand out:

First, to accept that adequate profits are the condition of survival and that profit and loss are the basic indicators of where changes are needed.

Second, that to get changes accepted without upheaval and strife one must be and also have the image of being a good employer. This requires something more than good pay and pensions, conditions of work, modern plant, training schemes and so on, necessary as all these conditions are. It also requires the understanding that men and women want a greater say in what affects their daily working lives. They wish to be consulted.

This entails recognition both by the employer and by employees that they must have, and accept that they have, greater responsibility, not only for their working conditions but for the performance of the firm or the group. For on this performance rests both the job itself and the conditions which a good employer can afford.

We are only at the beginning of this stage in industrial relations and will have to find out by trial and error how best to develop it. The direction and development must be determined by the genuine needs of the firm and its employees. It must strengthen the involvement of people with their jobs and with the fortunes of the business in which they work. The essence of an effective system of participation must be that all those whose interests it exists to serve are involved from the outset in building it up and making it work.

Employee directors are another matter. The trade unions are divided on this; some unions want them and some do not. The appointment of employee representatives to the board of even a relatively small company could not in itself achieve realistic involvement or representation of the bulk of its employees. In any event I doubt if there is a single pattern of worker representation which could be applied to all industries. The more important and more difficult task is to develop participation at the operating levels, where most decisions affecting employees most directly are taken.

TI Group

Divisional Results

	External Sales	Profit before loan interest payable
	1975 £'000	1974 £'000
Tube	204,897	168,997
Sumner Finance	85,991	76,854
Domestic Appliance	3,130	2,417
Engineering	103,256	63,966
Wire	51,882	45,580
Steel Electrical	44,533	35,546
West	14,306	14,280
Simplex GE	22,457	16,019
Other companies and other companies	57,598	50,804
	2818,788	2302,453
	48,759	44,388
Group: Profit before tax	773	2,809
Profit after tax	249,532	247,297

In his statement, Lord Plowden refers to his pending retirement as Chairman of T.I. and pays a tribute to the staff and to the shareholders

The time has come for me to retire from the Board of your company, which I will do after the Annual General Meeting. Mr. Kellert, who has been Deputy Chairman and Chief Executive since the middle of 1974, will become Chairman. Mr. Bagnall will become a Deputy Chairman. They, together with Mr. Bensley, will continue as group managing directors. The title Chief Executive will be discontinued.

For almost the whole of my time as Chairman I have worked closely with Mr. Kellert. His clarity of mind, determination and strength of character have made a major contribution to the evolution of Group policy and to the organisation which we now have. My debt and that of the whole Group to him is very great. It is with confidence that I see him take over the chairmanship.

It was with great regret that we accepted Sir James Menter's decision to give up full time executive duties to become Principal of Queen Mary College in the autumn of this year. We are happy that he has agreed to remain a non-executive director of your company. During the 22 years he has been with the Group, 11 years of these as Director of Research and Development, he has made an outstanding contribution not only to our R & D effort but also to the general management of the Group. The balance we have achieved between central research at the Hinxton group laboratories and the divisions together with the integration of R & D with business plans were largely due to his inspiration. They have made and continue to make a major contribution to the development of the Group's business. We are deeply grateful to him.

Mr. G. E. D. Halahan retires in April, after a lifetime of service in the steel industry. He came to Round Oak in 1960 and later, as Managing Director of the T.I. Iron and Steel

Division, joined the T.I. Board. He left the Board in 1967 to become Managing Director of Round Oak Steel Works, which is jointly owned by T.I. and The British Steel Corporation. Our best thanks are due to him for all that he has done to ensure the profitability of this company which is the principal source of high quality steel billets for our seamless tube business.

It is customary in the annual reports of almost all companies to pay a tribute to the staff, so customary that it must often seem something of a formality. At the end of my time as your chairman, I want to pay my own tribute to the Board, to management, to everyone in our offices and on our shop floors, for the support they have given to T.I. and to me personally during this period. From my frequent visits, I think I can say that I know every company and practically every worker, and a good number of the men and women in them. With very few exceptions, I have found everywhere not only a genuine interest but people, only too anxious to understand what is going on and what has to be done, if they are given a chance. May I express my thanks and my good wishes to them all, and my confidence that we have the people and the goodwill to make a success of the fuller degree of participation in which industry and T.I. must now embark.

Finally, may I say a few words to you, the shareholders. Your support is essential and it is an enormous help to know that we can count on it as shown by your response to the rights issue in 1975. I am grateful especially to the large number of you who go on holding your shares through good times and bad, and who are a living proof that your company has an identity and can command something which I can only call loyalty.

TI Group

Summary of Results

	1975 £'000	1974 £'000
External Sales	618,768	502,453
Trading Profit	50,904	45,699
Profit before Tax	42,337	41,055
Taxation	21,793	21,185
Earnings for the Year	19,136	18,256
Earnings per Share (Basic)	44.2p	47.1p
No. of Employees in the UK	55,000	53,000
No. of Shareholders	47,500	47,500

dbc

Danish Bacon Company

This has been a good year. Profits before tax have increased by 28% and sales by 17%, and the severe cash outflow of 1974 has been corrected. Due to market conditions, the rate of increase in profit achieved in the earlier months was not maintained. The sum of £164,000 has been paid out of profits to the company pension fund to offset the effects of inflation.

In his budget statement the Chancellor of the Exchequer stated that whilst he was anxious to introduce as soon as possible a permanent scheme of tax relief for the effect of inflation on stock valuations, further time would be taken for consultation with industry and the professions. We are of the opinion that when the permanent scheme referred to by the Chancellor is introduced the cumulative amount set aside in respect of stock appreciation relief of £1.3 million will accrue substantially to reserves.

H. KROGH SORESENSEN, Joint Chairman
E. TRAUTMANN, Chairman

Summary of Results

	1975	1974
Sales	179,701,199	153,153,331
Profit before tax	2,274,087	1,769,377
Profit after tax payable	1,871,435	1,300,719
Profit after tax payable and deferred	1,065,463	819,769
Retained earnings	822,414	593,611
Earnings per share	32p	24p

Extracts from the Joint Chairman's statement

- The Board are recommending the statutory maximum final dividend of 3.257p per share making a total for the year of 6.757p per share (1974: 6.247p per share).
- During the year we were approached by ESS-FOOD the organisation in Denmark that co-ordinates and centralises exports to the UK and the principal for whom DBC acts as agent for Danish bacon. To investigate ways and means to establish closer trading relationships. Whilst the initial proposals proved impracticable, discussions will continue through a working committee especially set up by the two organisations for the purpose. When matters of detail have been agreed, it is the intention that two representatives of ESS-FOOD will join the board which will then consist of seven UK executive directors and five directors resident in Denmark.
- The company's freehold and leasehold properties were re-valued in December 1975 at £5,347,250 based on their existing use. This shows a surplus before tax considerations of £2,394,000 over the net book value of the properties.
- No firm prediction of future profit levels is practicable at this time. Market circumstances, as volatile this year as ever, may well provide better trading conditions in the coming months.

The Annual General Meeting of the Danish Bacon Co. Ltd. will be held at the Hyde Park Hotel, London SW1 7LA at 11 a.m. on Wednesday, 19th May 1976.

Delta falls £14.8m. but recovery seen this year

REFLECTING THE severity of the recession in sectors where the group operates, profit, before tax, of the Delta Metal Company fell from £4.4m. to £1.8m. in 1975, on sales down from £39.8m. to £33.9m. An appreciable recovery in the current year's result is forecast.

Inflation adjusted accounts are included in the annual report and these show that on a CCA basis the 1975 profit would be reduced to only £0.32m. (£1.83m.). The directors believe that Delta is one of the first large companies to include full CCA accounts in an annual report.

Referring to the results the chairman, Viscount Caldecote says that depth of the recession was underestimated and the resultant fall in demand continued until the last quarter of 1975. This necessitated short time working and substantial redundancies which inevitably caused some temporary fall in productivity.

However, the group was able to carry through some major rationalisation programmes in the U.K. divisions and the resulting cost reductions together with the ability to respond more rapidly to an upturn in demand are already apparent, says the chairman.

In accordance with SSAP No. 6 the group has shown as an extraordinary item the rationalisation and redundancy charges incurred on the major U.K. rationalisation programme. This excludes from pre-tax profits charges totalling £1.8m. In the interim figures rationalisation expenditure of £430,000 was charged against profits, so the £1.8m. for the year was earned up to £4.3m. in the first half and £7.1m. in the second.

"Thus in spite of a considerable improvement in the second half, these were very disappointing results and earnings per share fell from 8.5p to 2.9p," declares Lord Caldecote.

Despite this earnings fall, the company has been strengthened by the rights issue which enabled the capital expansion programme to continue. During the year bank overdrafts fell by £23m. of which some £12m. was due to the rights issue. The balance of the reduction was partly due to lower activity and partly to very stringent cash control procedures, which have been further strengthened, members are told.

The net dividend for 1975 is unchanged at 4.06p net, with a final of 2.27p.

Turning to the current year the chairman says that the fact that the action taken in 1975 will contribute towards the group's objectives. Rationalisation of production coupled with reduction in numbers employed has enabled the group to improve productivity and make Delta more competitive.

This will help the group in obtaining new orders both in the UK and overseas. But despite every effort to raise sales and some small signs of improvement, in general demand for products remains sluggish.

Lord Caldecote stresses that a relatively small upturn in demand

BOARD MEETINGS

The following companies have included details of Board meetings in the Stock Exchange. Such meetings are usually held for the purpose of considering dividend or share issues and are not available to shareholders or the public generally.

1975
British Assets Trust, Golden Hope Plantations, Marston International, Pashang Consolidated, Second Scottish Investment Trust, Sincere, The National, Cairn, Schreder, Dale, Electric International, Ellis and Goldstein, Embankment Trust, Farwell Electronics, General Investors and Trustees, G.H.F. Group, Home Charm, Leslie and Godwin, Lyle Shipping, Thomas Marshall and Co. (Leeds), Utter Holdings, John Newton, Francis Shaw, Smeaton Hunter Victoria, Wilson, Connolly, Wm Industries, Winton Estates.

FUTURE DATES

Interim	Apr. 23
Annual	Apr. 23
Boots	May 20
British Assets Trust	May 20
Camden (J. W.)	May 20
Camex	May 20
De Vere Hotels and Restaurants	May 20
MacFarlane Group (Chairman)	May 20
Municipal Properties	May 20
Murray (Harold) Motors	May 20
Net Profit	May 20
Sincere	May 20
Smeaton Hunter Victoria	May 20
Tobitt	May 20

See Lex

will make a big improvement in profits subject to Price Commission constraints. He expects that sales will increase in the second half of the year and an improvement is forecast for the overseas companies. As a result it is expected that the year's pre-tax profits will be appreciably higher than those of 1975.

Sales

Trading profit

Share of associate

Profit before tax

Taxation

Net profit

Dividends

Attributable

Minority interest

Metal account profit

Less tax

To metal price reserve

Extraordinary items

From reserves

Loss from metal price reserve

Capital expenditure during 1975 amounted to £18.8m. (£18.8m.). At the year end outstanding expenditure totalled £10.14m. (£12.56m.)—committed £5.86m. (£7.3m.) and uncommitted £4.28m. (£5.26m.).

During the year there was a net inflow of liquid funds of £13.24m. (£26.21m. outflow). At the year end long-term borrowings stood at £29.28m. (£29.49m.) and short-term borrowings at £34.4m. (£30.25m.).

See Lex

SUN LIFE DIVIDEND

Sun Life Assurance Society is raising its interim dividend from

1.1335p to 1.3935p net and the directors anticipate a similar second payment for 1975, making a total of 2.787p, against 2.5337p.

N. Hay second half standstill

MARGINALLY LOWER second half profits of £158,000 compared with £163,000 are reported by Norman Hay, electro-plating engineers, leaving the total for 1975 just £21,000 ahead at £344,000.

Earnings per 10p share are stated to be up from 3.7p to 4.1p and the dividend is raised from 1.5375p to 1.6625p net, with a final of 0.9682p. Mr. Norman Hay has waived dividends due to him for the year on 614,034 shares.

Turnover

Profit before tax

Taxation

Net profit

Dividends

Leaving

Notes

U.K. corporation tax payable to HMRC (£100,000) and transfer to deferred taxation is £10,000 (£10,000).

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Increasing emphasis overseas by 'Tubes'

IN THEIR annual report the directors of Tube Investments state that the 1975 results was a good performance by the company, which is expected to continue through the first half of 1976. Much will then depend on the rate at which the incipient recovery in world trade develops and on how quickly the U.K. economy follows suit.

The group's increasing involvement in world markets through exports and also through sales by subsidiaries and associates overseas, will provide a valuable springboard for recovery. The directors say that until the time of these developments can be more clearly seen, it will be difficult to forecast the out-turn of 1976.

As reported group pre-tax profits improved from £41.06m. to £44.24m. in 1975. A summary of results adjusted for inflation on a CPP basis shows a pre-tax profit of £26.25m. (£38.70m.).

Referring to the steel tube activities the directors report that this division entered 1975 at a low point, but a recovery in demand is expected in the second half, when benefits from expansion schemes will also begin to accrue.

The division is to make an important investment in gas cylinder manufacture in Brazil, the company's contribution to the £10m. project will be £2m., which will represent 40 per cent ownership, the directors state.

The consumer finance market is predicted to show further real growth in 1976 and, with new branch offices open, the division's progress is expected to continue.

Turning to the domestic appliance division the directors report that home demand in the early weeks of 1976 has remained depressed and the results for the year will to an extent be dependent on the degree of stimulus to consumer spending provided by the Government during the year.

The division will be well placed to benefit from the expected recovery, as a result both of efficiencies deriving from organisational changes and from expanded programmes of capital investment. It is planned to spend about £10m. over the next two years on new products and improved and expanded facilities. Members are told that one element of the division's longer term aims is a further expansion

into European markets, and a "most encouraging feature" of the 1975 results was a good performance by the company, which is expected to continue through the first half of 1976. Much will then depend on the rate at which the incipient recovery in world trade develops and on how quickly the U.K. economy follows suit.

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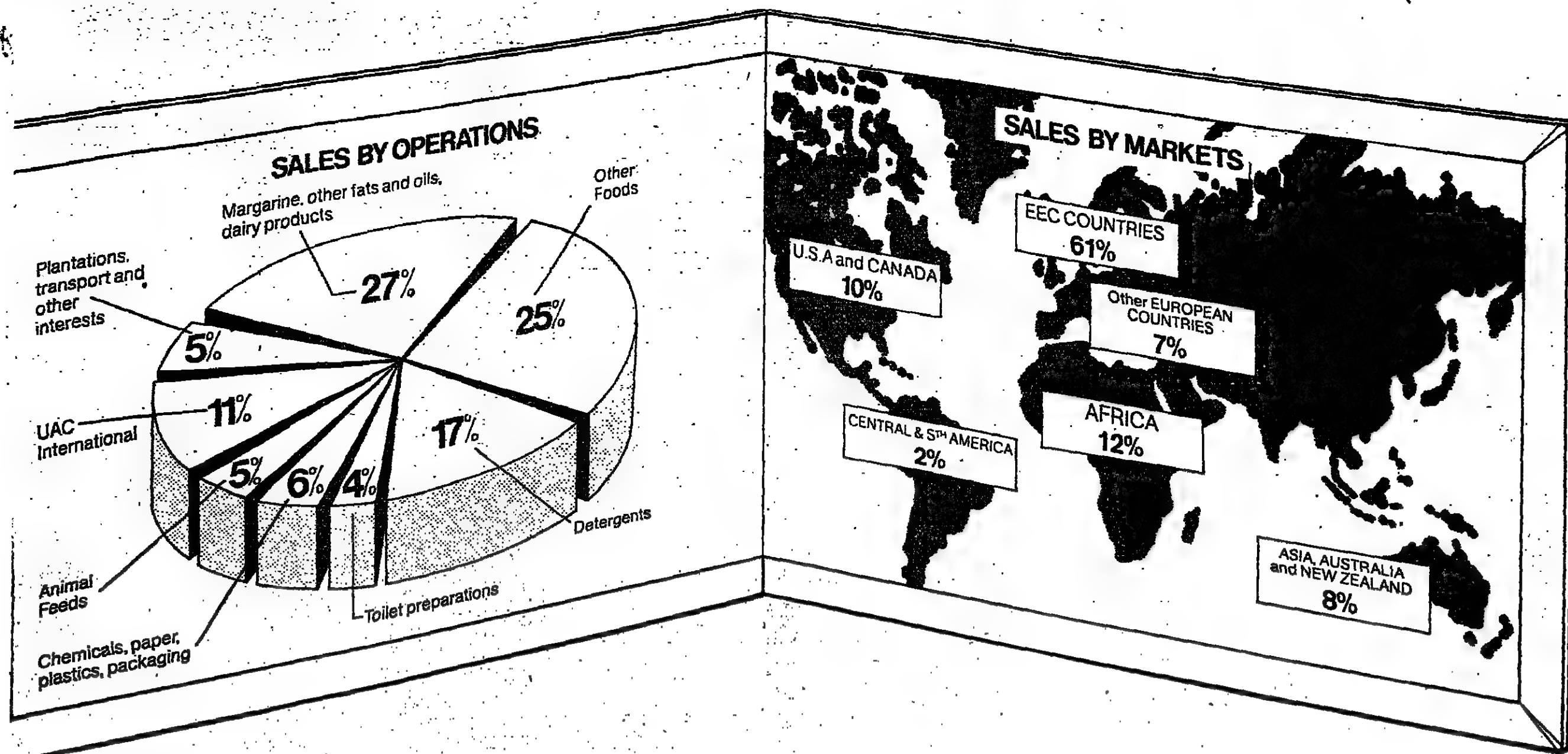
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The division will be well placed to benefit



Diversity and geographical spread- Unilever's strength in a difficult year.

Sales

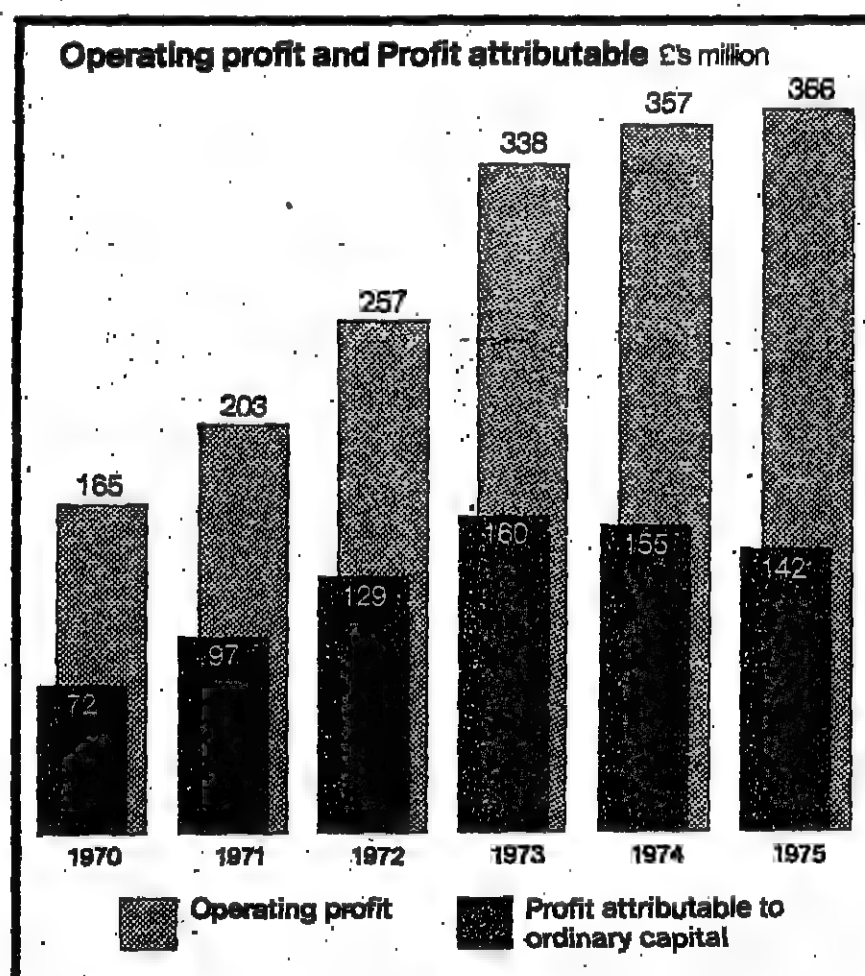
Sales to third parties rose by nearly 6% to £6,760 million.

Profits

World-wide, operating profits were maintained at about the level of 1974. However, in Europe 1975 profits were well below 1974. This was mainly due to difficult operating conditions in the edible fats and oil milling businesses in early part of the year, and to falls in sales volume of a number of our products, especially those sold for industrial uses. Our tawling operation had a bad year, and the dairy products and meat businesses operated in total at a loss. Ice-cream had an excellent year.

In the United States and Canada profits were slightly below 1974 mainly because of disappointing results from edible fats in the United States.

Elsewhere outside Europe most countries showed satisfactory improvements in profit. UAC International had a very good year for nearly all their activities.



Economies in working capital requirements were achieved and interest earned on liquid funds exceeded interest on short-term borrowings. Interest on loan capital increased and the average rate of taxation on profits was also higher. There was a significant increase in outside interests in profits of subsidiaries, mainly because of improved profitability of partly owned subsidiaries in the UAC International

group. As a result of these factors, profit attributable to ordinary capital was below 1974.

Prospects

The economic recovery which began in the United States during the second half of 1975 is now spreading to a number of other countries. However, the rate at which economic activity will grow and the effect on demand for our products are still uncertain, and unemployment seems likely to remain high.

The drastic reduction of customers stocks, which had a particularly bad effect on our sales of industrial products in 1975, has come to an end. Raw material prices seem unlikely to fluctuate as violently in 1976 as in the two previous years. Other costs are still rising, but the rate of inflation has slowed down in most countries.

We have continued to invest for the future and in spite of some uncertainties, the immediate prospects are now appreciably better than they were a year ago.

Unilever



To: The Company Secretary, Unilever Limited,
Unilever House, London EC4P 4BQ.
Please send me a copy of your 1975 Report and Accounts.

Name

Address

*comprises Unilever Limited, Unilever N.V. and their respective subsidiaries which operate in more than seventy countries. The Report of Unilever Limited as usual combine the results and operations of Unilever Limited and N.V. with figures expressed in Sterling. If the 1975 Report and Accounts have been posted to shareholders and holders of debentures and unsecured loan stock of Unilever Limited, you will like to receive a copy please fill in the coupon. The Annual General Meeting of the Members of Unilever Limited will be held in The Queen's Room, The Baltic Exchange, 14-20 St. Mary Axe, EC3, on Wednesday 12th May, 1976 at 11 a.m.

It could be attractive for Bosch to reinforce its links with

Heineken hoped to own its supply of this raw material, not to buy it from third parties. Referring to

actually rose in value terms to Frs.1.53bn. (£170m.) from Frs.1.38bn.

The main factor, however, was the bitter strike which paralysed Chausson for eight weeks last year, a problem aggravated by a serious fire at his plant at Creil, to the north of Paris.

In addition in parent company losses, Chausson reported a deficit incurred by subsidiaries of Frs.1.7m., to which should be added a further provision of Frs.11a. for various unspecified "possibilities." These will be covered out of a special Frs.25m.

Goliath issues a challenge

While Kodak certainly dominates the amateur photographic market as a whole, accounting for over 80 per cent.

Chausson

This expenditure leaves the group with capacity to meet a rise in demand later this year or in the beginning of 1977. The order book (which does not in-

THE WORSE lies behind us, shareholders of Swis Aluminium were told at the company's annual general meeting today by Emanuel Meyer, president and managing director. The Aluisse group, whose sales fell 24 percent last year to below Sw.Frs.3.89bn, and which recorded a first-ever consolidated loss of Sw.Frs.20.9m, was faced with a "dark future" since the company's year will not be a good one, the president said, "but the best one may."

Aluminum Corporation (Conza-Prospecting f
), should provide a substantial Rics and
profit for the group, as had been reduced still
the case in 1874. Meyer spoke Among othe
of a "trend in the right direc- said the chem
" in Germany, where the group, heade
group's light metal activities had pany Lonza. e
experienced heavy losses last to continue

Telephone: 01-623 5661. Telex: 883661

Jointly owned by

The Sanwa Bank Ltd	The Mitsui Bank Ltd
The Dai-ichi Kangyo Bank Ltd	The Nomura Securities Co Ltd

(Shareholders' aggregate assets well exceeding U.S. \$80,000 million)

Argosy Gas Ship 1982	1819	J. C. Palmer Gas Ship 1987	260	260
Argosy Gas Ship 1981	1824	Pioneer Ship 1989	280	285
Argosy Gas Ship 1980	1829	Porter Ship 1989	285	285
Arctic France Ship 1981	1830	Reynolds Metals	88	88
Arctic Gas Ship 1980	1835	Sentry Road Ship 1987	99	1016
Arctic Ship 1981	1839	Soulin Ship 1987	23	34
Arctic Ship 1980	1874	Tadpole Ship 1989	79	91
Arctic Council Ship 1981	1886	Union Ship 1989	1608	1608
Control Ship 1989	1889	United Ship 1989	101	101
Control Ship 1980	1893	Warner Lumber Ship 1987	51	53
Control Ship 1980	1894	Warner Lumber Ship 1988	55	57
Control Ship 1980	1895	Wrex Ship 1988	74	78
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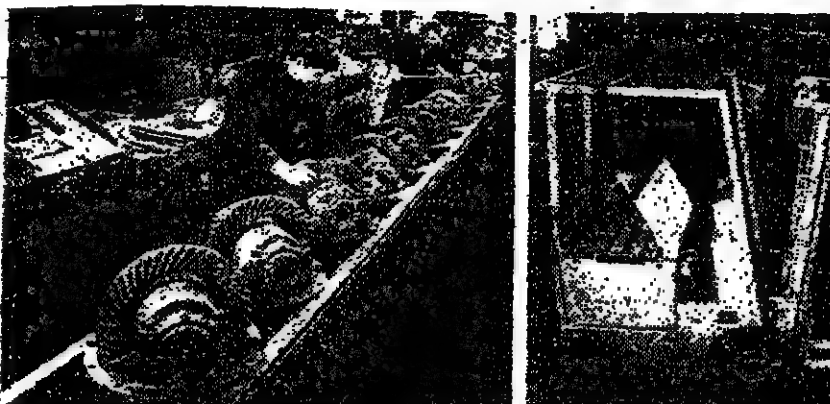
Agent Bank
Merrill Lynch International Bank Limited

Source: White Wolf Section. Source: Amber, Fantasy Research.

Eaton Corporation Cleveland, Ohio

Statement of Consolidated Income Eaton Corporation and Subsidiaries

	(In thousands of dollars)	
	1975	1974
Net Sales	\$1,558,294	1,759,668
Interest and other income - net	16,252	10,089
	1,574,546	1,769,757
Cost of products sold	1,176,958	1,303,679
Selling and administrative expenses	222,634	221,792
Research and development expenses	25,997	29,856
Interest expense	36,801	33,900
Exchange loss - net (principally translation)	14,946	7,772
	1,477,136	1,597,009
Income before income taxes	97,410	172,748
Income taxes	50,367	82,891
Net income	\$47,043	\$89,857
Net income, in dollars, per common share	2.66	5.19



Eaton employs over 4,500 people in seven plants in Britain, manufacturing truck axles and transmissions, 'Vale' industrial lift trucks, rear security products, industrial drives and other precision engineered products. Pictures illustrate axle production at Aycliffe, Co. Durham, and industrial lift trucks at Wednesfield, Staffordshire.

Copies of Eaton's Annual Report may be obtained from the Director of Public Relations, Eaton House, Station Road, Hounslow, Middlesex, TW4 8DX. Tel: 01-572 7315

EATON

TOKENGATE INVESTMENT COMPANY LIMITED

Registered in England No. 125159

INTERIM REPORT, 1976

Unaudited figures for the six month period ended 31st March, 1976 are set out below:

	6 Months Unaudited		6 Months Unaudited		12 Months Audited	
	£'000	R'000	£'000	R'000	£'000	R'000
Turnover	1,409	3,082	2,514	4,114	1,114	2,414
Revenue before exceptional items	181	318	451	751	730	1,198
Exceptional items	4	7	(11)	(18)	(18)	(31)
Revenue before taxation	195	325	440	733	701	1,167
Taxation	74	123	206	343	310	516
Revenue after taxation	121	202	234	390	391	651
Extraordinary items of a financial nature	—	—	—	—	—	—
Revenue after extraordinary items	121	202	234	390	391	651
Revenue after extraordinary items and exchange fluctuations	—	—	438	728	716	1,192
Revenue after extraordinary items and exchange fluctuations and foreign currency changes	8	13	(140)	(233)	(1,039)	(1,730)
Revenue after extraordinary items and exchange fluctuations and foreign currency changes and foreign currency division	(284)	(473)	—	—	—	—
Revenue after extraordinary items and exchange fluctuations and foreign currency changes and foreign currency division and extraordinary items	(155)	(259)	532	868	66	113
Dividends per share	33p	5.6c	64p	107c	108p	1.1c

Turnover represents proceeds of sales of securities by dealing subsidiaries. Earnings per share are based on the issued share capital of 3,636,450 shares of 10p.

The above results should not be taken as an indication of an annual rate of profit.

During the period under review the company's available assets in the U.K. have been invested almost exclusively in the gold mining share portfolio, referred to in the Annual Report, acquired to provide cover for the foreign currency borrowing. Thus, contrast to the corresponding period in 1975, share dealing and other revenue producing activities have made virtually no contribution to revenue in this half year. Net assets per share, at 31st March, 1976 amounted to 96p (196c), based on an audited statement of assets and liabilities reflecting the market price of listed securities allowing for the effects of the foreign currency borrowing.

Attention of shareholders is drawn to today's announcement regarding a proposed new arrangement which would result in Tolux S.A., a Luxembourg company, using the business at present carried on by Tokengate.

A arriving at sterling equivalents of rand amounts, and vice versa, the rate of exchange of £1 = R1.6625 ruling on 31st March, 1976 has been used.

April, 1976.

TOKENGATE INVESTMENT COMPANY LIMITED

Registered in England No. 125159

"Tokengate"

PROPOSED SCHEME OF RECONSTRUCTION

The Board of Tokengate announces that proposals have been formulated for the reconstruction of the Company which would eliminate the current United Kingdom share control restrictions affecting the Company. A new company, Tolux S.A. (the "Share Warrant") is being incorporated in Luxembourg with a view to carrying on the business currently carried on by Tokengate. Shareholders of Tokengate will be asked to approve the Arrangement under Section 206 of the Companies Act 1948, whereby they receive:

For every two shares of 10 pence of Tokengate

110 pence in cash (the Cash Consideration)

One share of no par value of Tolux, paid up with an amount equivalent to the cash consideration (the Share Alternative)

in proportion for any other number of shares in Tokengate.

Shareholders who do not accept the Share Alternative will receive the Cash Consideration in sterling save that those who have registered addresses in the Republic of South Africa will receive payment in rand which will be purchased on their behalf at a date on which the Rand is convertible into sterling. At the exchange rate ruling on April, 1976 the value of the Cash Consideration was approximately equivalent to 88 pence per Tokengate share.

Special provisions outlined in the note below relating to election for the Share Alternative will apply to United Kingdom resident shareholders, i.e. holders of Tokengate (or Share Warrant) to bearer representing such shares) who, for exchange control reasons, are either residents of the Scheduled Territories (which presently comprise the Channel Islands, the Isle of Man, the Republic of Ireland and the Isle of Jersey) or who not being so resident hold as nominees for residents of the Scheduled Territories. Application will be made to the Stock Exchange of the United Kingdom and the London Stock Exchange for listing of the share capital of Tolux. The proposals will be recommended to Tokengate shareholders by independent advisers and holders of some 33.8 per cent. of the issued capital of Tokengate have indicated their intention to vote in favour thereof. The implementation of the proposals is subject to approval by the relevant Exchange Control Authorities. Scheme documents including notices of meetings will be sent to shareholders shortly in accordance with Bank of England requirements. United Kingdom resident shareholders who elect to receive the Share Alternative, will need to authorise a bank to purchase on their behalf the foreign currency of an amount which, at the current rate in the official foreign exchange market, will produce an amount equivalent to the Cash Consideration. The nominated bank will then make a demand for payment by each such shareholder of the cost of this transaction of the Cash Consideration.

April, 1976

Sales volumes picking up at Unilever

SALES VOLUMES at Unilever picked up in the early months of 1976 and the group's starting position is better than last year.

Announcing this at a Press conference yesterday chairman Mr. David Orr said that the recovery evident in most sides of the business, and in most countries, including Europe, where sales in 1975 had been depressed.

Referring to capital expenditure in the U.K. he said that this had been roughly pro-rata to the rest of the business. However, the chairman pointed out that some investments had been made in the expectation that the present price of the pound would be fundamentally altered.

As it stood the Code did not allow profits to reflect the savings made by capital expenditure. So far this had not affected the investment in the U.K. but confidence will only be maintained if early changes were made to the Price Code, stressed Mr. Orr.

The annual report shows that capital expenditure in 1975 totalled £223.4m, compared with £221.9m in the previous year. An analysis shows this expenditure split as to EEC countries £128.8m; other European countries £16.4m; U.S. and Canada £20.5m; Central and South America £5.3m; Africa £14.3m; Asia, Australia and New Zealand £14.2m. By products, the split is: margarine other fats and oils, dairy products £50.2m; other foods £55.2m; detergents £33.1m; toilet preparations £5.2m; chemicals, paper, plastics, packaging £32.3m; animal feeds £6m; UAC International £13.9m; and plantations, transport, etc., £27.5m.

Projects approved during 1975 amounted to £223.5m. (£237.5m.). During the year there was an increase in net liquid funds of £203.1m. (£163.7m. decrease). Net liquid funds at December 31 stood at £269.4m. (£52.7m.). This comprised marketable securities £193.2m. (£58.2m.); cash and deposits £418.1m. (£204.8m.); and short-term borrowings £198.9m. (£220.4m.).

The directors state that the increased funds at the year end when combined with the group's relatively low gearing, put Unilever in a good position to meet any future increase in working capital and capital expenditure. The substantial financial results in 1974-75 emphasise the importance of maintaining a strong balance sheet, so that sudden large increases in financial requirements can be met without strain.

Group results for 1975 showed a combined operating profit of

£365.8m. (£357.4m.) and a balance attributable to Ordinary holders of £142m. (£135.1m.). An analysis of these figures by product and by country respectively are given in the following tables.

Referring to inflation accounting the directors state that the Sandilands report was published too late for the group to calculate the full impact of the proposals on the results. Preliminary calculations indicate that the 1975 operating profit would have been reduced by more than half whereas that for 1976 would have been reduced by about 15 per cent. The main reason for the disparity between the years is that prices of all the group's raw materials rose sharply in 1974 whereas last year price movements tended to offset each other, they explain.

Meeting, Baltic Exchange, E.C., May 12 at 11 a.m.

Chairman's statement Page 23

See Lex

Setback for Root Harvesters

A slump in taxable profits from £304.315 to £164.459 is reported by agricultural machinery manufacturers, Root Harvesters for 1975.

Turnover was £2.75m. compared with £2.83m.

At halfway the directors announced a decline in profits from £119,205 to £104,246 and warned that they did not anticipate that profits for the second half would equal those of the corresponding period.

Yearly earnings per 10p share are shown to have fallen from 64p to 34p and a final dividend of 0.64p net makes a total of 1.65p (same) payable on capital increased by the rights issue in June. The cost of the dividend is £31.873 (£38.518).

Turnover absorbed £20,861 (£18,889) and there is extraordinary income

this time of £93,558.

The directors say that the results of the trailer division were seriously affected by the necessary run-down in production ahead of the move to a new factory—an estimate of the amount recoverable as a disturbance claim has been included in the group's accounts. Both production and orders have now returned to a "satisfactory" level.

Prospects for the current year appear encouraging in that the present prices for potatoes have given growers the incentive to invest more in harvesting machinery, they add.

Exports by the group during 1975 amounted to £251,471, an increase of 145 per cent.

As reported on March 25, pre-tax profits last year rose sharply from £2.72m. to £4.31m. with a net dividend total of 3.1672p (2.9679p). The group would have done even better, but U.K. glass container sales fell away for the second consecutive year, says Mr. Parker.

The directors are continually reviewing the cash flow strength. A dynamic investment programme is retained, but this depends on profitability and the 1975 results were still not what they should be to reach investment targets, the chairman points out.

Pilkington Brothers holds some 14.4 per cent. of the group's capital. Meeting, Winchester House, E.C., May 16 at 5 p.m.

Chairman's statement Page 22

See Lex

Rockware set for expansion

IF THIS year sees the glass industry back on the normal track of a 3 per cent. to 4 per cent. rate of expansion, the Rockware Group has the proven potential to advance its growth, the chairman, Mr. P. Parker, tells members.

The growth would be both in terms of the profitability of the existing business and in the broadening of the commercial base into related industries.

However, there is still little justification for hope of a big market upturn and 20 per cent. of the group's machinery stands idle, the chairman says. Much depends on the recovery of the economy.

As reported on March 25, pre-tax profits last year rose sharply from £2.72m. to £4.31m. with a net dividend total of 3.1672p (2.9679p). The group would have done even better, but U.K. glass container sales fell away for the second consecutive year, says Mr. Parker.

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Chairman's statement Page 22

See Lex

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UNITED TIN AREAS LIMITED

Estimated results for six months ended 30th September, 1975

	Six months ended 30th Sept. 1975	Six months ended 30th Sept. 1974	Year ended 31st Mar. 1975
Consolidated profit before tax	£3,300	£17,285	£54,791
Taxation	£1,900	£8,433	£31,063
Profit after taxation	£1,400	£8,852	£23,728

Production by subsidiary:
United Tin Areas of Nigeria Ltd:
Tin concentrate (tonnes) 254 314 71

Registered Office: 25/26, City Road, London, EC1Y 1BQ.
By Order of the Board, E. A. O'CONNOR Secretary.

Blagden & Noakes (Holdings) Limited

	1975	1974
Turnover	£28,893,000	£34,547,000
Profit before Taxation	£2,416,000	£3,116,000
Profit after taxation and minorities	£636,000	£1,118,000
Dividends per share	5.48p	5.138p
Earnings per share	18.7p	25.0p

Extracts from the statement by the Chairman, Mr. J. K. Noakes, for the year ended 26th December 1975.

- The fall in turnover and profit was accounted for by the Chemical Division, which was badly affected by the world-wide recession. It will be late in the year before any marked improvement is seen, but long term prospects remain optimistic.
- During the next few months we shall replace one of our two drum manufacturing lines at Bristol with the latest and fastest equipment.
- Currently, our Belgian subsidiary is operating at a high level of throughput and profitability.
- In the Protective Equipment Division, Marindale profits increased by 58%. However, there must be a pause for consolidation, which may well come in 1976, prior to a further advance in coming years. Some promising new products are in the pipeline.
- PROSPECTS—We are expecting a good year in steel drums, plastics engineering mouldings and protective equipment, and profitability for the first two months is well ahead of the same period in 1975.

SURVEY OF POOLED PENSION FUNDS

- The latest quarterly update as at 31st March 1976 to the SURVEY OF POOLED PENSION FUNDS is now available.
- The Survey provides the most comprehensive analysis of the investment performance of all the exempt unit trusts, including property unit trusts, and insurance company managed funds available in the U.K. for pension funds.
- The investment performance statistics for each of these funds, together with various economic and financial indices, are updated quarterly.
- In addition the Survey contains a detailed profile of the background information for each fund and this is also updated regularly.

For subscription details, etc., please contact:
Harris Graham & Partners
30 Queen Anne's Gate, London SW1H 9AW
Telephone 01-930 0682

All these securities having been sold, this announcement appears as a matter of record only.

New Issue

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500,000 Shares

Dravo Corporation

Common Stock

(Par Value \$1.00 Per Share)

Kuhn, Loeb & Co.

Bache Halsey Stuart Inc.

The First Boston Corporation

Blyth Eastman Dillon & Co.

Dillon, Read & Co. Inc.

Drexel Burnham & Co.

Goldman, Sachs & Co.

Hornblower & Weeks-Hemphill, Noyes

E. F. Hutton & Company Inc.

Kidder, Peabody & Co.

Lazard Frères & Co.

Lehman Brothers

Loeb, Rhoades & Co.

Merrill Lynch, Pierce, Fenner & Smith

Paine, Webber, Jackson & Curtis

Reynolds Securities Inc.

Salomon Brothers

Smith Barney, Harris Upham & Co.

Wertheim & Co., Inc.

White, Weld & Co.

Dean Witter & Co.

Bear, Stearns & Co.

L. F. Rothschild & Co.

Shields Model Roland Securities

ABD Securities Corporation

Basle Securities Corporation

County Bank

Robert Fleming

New Court Securities Corporation

Pictet International Ltd.

Vereins- und Westbank

April 22, 1975

GENERAL APPOINTMENTS

GENERAL APPOINTMENTS

HEAD OF INVESTMENT RESEARCH
City

Our clients are a medium firm of stockbrokers, who are implementing successfully a policy of planned expansion. They require a Head of Research Department to manage and develop an established research function servicing institutional and private clients.

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REGIONAL GENERAL MANAGER

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Client is looking for a leader with energy and tact who besides being an established businessman is able to communicate easily at all levels in this fast moving area. Proven experience and linguistic ability would be advantageous. A very attractive package of fringe benefits includes furnished car, educational allowances, home leave, pensions, etc.

Aged about 40

Salary circa \$24,000

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+ 5 weeks' holiday

Client is a major quoted engineering concern third in its industry in Europe. Over total production is exported.

Adviser will be the company's specialist on customs legislation in most of the countries of the world. Reading and interpreting all relevant legislation. The Adviser will apply this knowledge to solve practical problems.

Advice will be sought on the form in which products should be exported, and the Adviser will liaise with overseas government departments on this and related topics.

There are good promotion opportunities in this field elsewhere in the taxation department.

ably aged 27-40, applicants (male or female) have practical experience in this field, per as a part of their current or previous job.

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Replies, in confidence, to:
J. P. Southwell Esq.
Lung & Cruickshank
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City

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The starting salary is negotiable in the range £6500-£8500, there is a contributory pension scheme, free life assurance and a house mortgage facility; assistance with removal expenses will be considered if necessary.

Please write giving full but concise details of your age, qualifications, career history and salary progression, stating the names of any organisations to whom your letter should not be forwarded, to:

Brian M. Doyle, Selection Consultant (Ref. 727).

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Figureheads

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The Economist
A BUSINESS CAREER

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The chairman of a leading firm of stockbrokers is seeking a well educated experienced secretary with an attractive personality aged 25-35. Applicant must enjoy hard work and be capable of standing up to pressures and taking own initiative in emergencies. Stockbroking knowledge is not essential but fair for organisation and a good sense of humour is vital. Predecessor has stuck it for 12 years, but has now succumbed to matrimony. Salary around £3,000 depending upon experience.

Please apply to Box A.5519.

Financial Times, 10, Cannon Street, EC4P 4BY.

CONTRACTS AND TENDERS

IRISH INTERVENTION AGENCY

Invitations to Tender - Food Aid

Tenders are invited for the supply of 2,300 metric tons of Soft Wheat (wheat other than durum) in bulk and delivery f.o.b. to any EEC port. The consignment is destined as National Food Aid under the Food Aid Convention for Syria. Delivery terms may be obtained from the Irish Intervention Agency, Department of Agriculture and Fisheries, Agriculture House (Development Division 1E), Dublin 2. (Telephone Dublin 789011, Extension 2189 or 2240).

TENDERS SHOULD BE SUBMITTED BY 12 NOON ON
FRIDAY, 30th APRIL, 1976.

COMPANY NOTICES

UNILEVER N.V.

CERTIFICATE FOR ORDINARY

SHARES OF FL 12 ISSUED BY

UNILEVER N.V.

ADMINISTRATIVE EN

TRUSTEES

NOTICE IS HEREBY GIVEN THAT

THE REGISTER OF

CERTIFICATES FOR

ORDINARY SHARES OF FL 12

ISSUED BY UNILEVER N.V.

ADMINISTRATIVE EN

TRUSTEES

HAS BEEN OPENED FOR

SIGNATURE

AT THE OFFICE OF THE

TRUSTEES

UNILEVER N.V.

ADMINISTRATIVE EN

TRUSTEES

UNILEVER N.V.

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APPOINTMENTS

Executive posts at
Unigate Dairies

With the forthcoming retirement of Mr. G. M. Lyall, finance director of UNIGATE DAIRIES, Mr. J. A. Lee, currently East Region financial controller and deputy region director, has been appointed finance director designate and will assume full responsibility for that function from July 1976. Mr. F. E. Collins, transport director, is also to retire. Mr. P. G. Wakeham, currently North Region transport manager and deputy region director, will be appointed transport director designate from May and will assume full responsibility from June 1.

Mr. A. K. Rawlinson has been appointed Second Permanent Secretary, DEPARTMENT OF INDUSTRY, in succession to Sir Peter Carey, whose appointment to succeed Sir Antony Part as Permanent Secretary, Department of Industry from July 1 was announced in March.

Dr. Reva Gerstein has been elected a member of the Board of Directors of the INTERNATIONAL NICKEL COMPANY OF CANADA. Dr. Gerstein, a distinguished psychologist and educator, and the first woman to be elected an Inco director, is also a director of McGraw-Hill Ryerson, CIRT-FMI Inc. and Avon Products.

Mr. R. A. Hani has been appointed to the Board of INTERNATIONAL TIMBER CORPORATION.

Mr. Alistair R. M. Jeffrey is to be Deputy Under Secretary of State (personnel and logistics) in the Ministry of Defence. He is a former chairman of Skene Engineering, an Aurora subsidiary.

Mr. R. W. Barney has been appointed a director of LLOYD'S LIFE ASSURANCE COMPANY.

Mr. George P. Clegg has been appointed director-Europe for MONSANTO POLYMERS AND PETROCHEMICALS COMPANY, based at its European headquarters in Brussels. Mr. Clegg moves to Brussels from Barcelona, where he was general manager of Amcon ISA, an associate company.

Mr. A. A. Watt, director of finance of AURORA HOLDINGS, has been appointed assistant group managing director to succeed Mr. C. C. Hillon who has relinquished that position to concentrate on his consultancy business. Mr. Hillon remains chairman of Skene Engineering, an Aurora subsidiary.

Miss R. E. Blackburn has been appointed to the Board of LAMBURYS ASSOCIATES.

Dr. Paul Wallace has been appointed director of research and development with STAN-DAID DEVELOPMENT STEEL, which trades in the U.K. under the name of UNBRAKO.

Mr. M. J. Williamson will join the partnership of PINCHIN, DENNY AND CO., stockbrokers, from May 1.

Mr. Charles F. Jessop has been elected president and chairman of the CHELTENHAM AND GLOUCESTER UNBRAKO.

HOME CONTRACTS

Barratt has £2.4m.
building work

BARRATT DEVELOPMENTS £2.4m. They include work for the (NORTH WEST) Water Authority amounting to £1.2m., comprising a new sewerage works at provide 164 new homes in the Winsford, Cheshire (£225,000); a new Green and Asquith areas, new sewerage works and main construction already under way at Ribchester, Lancashire (£750,000); and a new spillway at Kirtlington, near Banbury, Oxfordshire (£210,000). Other work includes from then, the programme will be an extension to the Skipton Building Society's head office at Skipton costing £1.2m.; a new police headquarters at Colne, Lancashire (£280,000); and sheltered housing for the Johnnie Johnson Housing Trust at Batley, Yorks. been awarded contracts totalling (£300,000).

U.K. ECONOMIC INDICATORS

		1976	1975	1976	1975
General	Unit	Mar.	Feb.	Jan.	Mar.
Unemployed	'000s	1,284.8	1,304.4	1,438.3	788.4
Unfilled vacs	'000s	106.8	95.4	85.3	352.3
Currency revs.	Shn.	5,905	7,024	6,758	7,117
Bank advs.	£bn.	14,980	14,317	14,488	n.a.
Basic mtrls.	d 1970=100	273.2	263.4	261.0	221.9
Ward mtrls.	d 1970=100	268.4	267.2	264.8	179.0
Terms of trade	1970=100	81.4	81.3	81.0	78.1
Retail prices	Jan. 74=100	150.6	149.5	147.9	124.3

		1976	1975	1976	1975
Trade and		Mar.	Feb.	Jan.	Mar.
Imports f.o.b.	£bn.	1,926	2,065	1,961	1,887
Exports f.o.b.	£bn.	1,907	1,759	1,814	1,586
Visible trade	balance	-0.019	-0.246	-0.146	-0.119
Steel (weekly average)	'000 tonnes	453.6	450.1	432	484.2
Cars*	'000s	134	118	118	133
Comm vehicles*	'000s	31.3	29.6	30	36.8
Bricks*	millions	415	438	427	396
Cement (weekly average)*	'000 tonnes	282	257	270	312
T.V. sets*	'000s	172	176	174	234
Radio-gramm*	'000s	414	443	428.5	301
Man-made fibres*	51 kgs.	52.32	53.33	52.8	42.6

		1976	1975	1976	1975
Houses completed*	'000s	23.9	28	26	24.3
Furniture**	1970=100	160	149	154.8	149
Petroleum†	m. tonnes	7.08	7.73	6.73	8.33
Industry**	1970=100	92	79	84	82
Elect. cookers†	'000s	62.2	63.7	78.8	73.0
Washing machs.	'000s	70	40.3	77.9	69.9

		1976	1975	1976	1975
Raw cotton (weekly av.)	'000 metric tonnes	1.70	2.32	2.09	1.91
Raw wools	m. kilos	9.3	9.7	9.2	7.6
Rubber (orders on hand)*	1970=100	99	100	111.2	128
Machine tools*	£m.	27.3	28.4	25	20.9

* Production. † Deliveries. ‡ Net sales. § Consumption. ¶ Seasonally adjusted. ** All manufacturing industries. †† Excluding car radios. ‡‡ Deliveries. U.K. made and imported sets. § From May 1975, onwards new basis of calculation refers to advances to U.K. public and private sector. Historical figures on new basis not available. ††† Prices including cooker, grill, toaster. ‡‡‡ Value of output. § First preliminary estimate.

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Up to £10,101 + car

Wespac is a multi-national computer supply company seeking an unusual executive for the top management role.

The person chosen must exhibit competitive spirit and self-motivated action to achieve market dominance for the Company's products.

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Generous salary and unusually high incentive programme for superior performance can be expected.

Reply by hand written letter with CV to:

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AUSTRALIAN
OPTIONS MARKET

The Exchange Traded Option Market has now been successfully operating in Sydney for some 3 months. Because of the need to maintain market liquidity a market professional, known as a Registered Trader, has been introduced to the trading system. Their duties are identical to the "Market Maker" on the CBOE.

A similarity of functions exists between a Jobber and a Registered Trader. However, the Australian Stockmarket, because they never have pursued a jobbing or similar system, have relatively few experienced personnel to perform this new role.

Consequently exceptional opportunities exist for persons skilled in making markets to develop their talents and expand their incomes.

We are a Member Firm of the Sydney Stock Exchange, specialising in Exchange traded options and are seeking professionally experienced market personnel to be active Registered Traders.

The successful applicants will have

— a strong and sustained desire to be in business on their own

— some capital to finance their operations

Applications will be treated in the strictest confidence and should be addressed to:

Mr. G. Moore,
22/24 Basil Street,
Knightsbridge, SW3.

or if telephone enquiry preferred 01-589 5171 Ext. 242.

NORWICH
BUILDING SOCIETY
GENERAL MANAGER

The Society invites applications for this position which will become vacant upon the forthcoming retirement of the present General Manager.

Professional qualifications and personal experience of Building Society management at a high level are needed.

Applications should be addressed to: The General Manager, Norwich Building Society, St. Andrew's House, Norwich, NR2 4TR—marked "Personal."

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A la carte

Three restaurants

Three restaurants

Three restaurants

Three restaurants

Three restaurants

Three restaurants

Three restaurants

MINING AND RAW MATERIALS

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1 Sea
locks

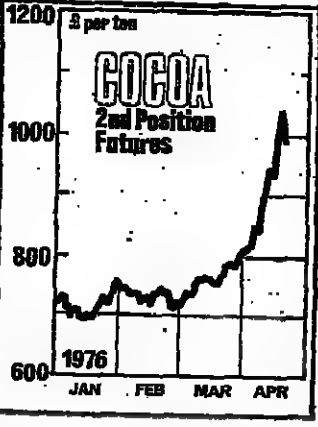
Cocoa leads downturn on New drought moves in East Anglia

BY JOHN EDWARDS, COMMODITIES EDITOR

COCOA LED a general downturn in commodity prices yesterday, reacting against the spectacular rise recorded on Tuesday. After moving nearly the permissible limit up in early trading, cocoa futures were suddenly hit by a wave of profit-taking and stop-loss selling which promptly moved prices the permissible limit up in early trading.

There was no apparent change in the fundamental supply-demand position to account for the sudden reversal in the market which more than wiped out Tuesday's gains.

One simple explanation given was that what goes up must come down. It is the reaction to the decision to allow the night of trade selling at the top level following the general impression that the rise on Tuesday had been overdone by speculative excitement. It was pointed out that at one stage the London market was at a substantial premium to New York. From the chartist point of view, yesterday's sharp move to appreciate a classic "key reversal" normally taken as a prediction of lower prices.



There was a general decline in metal prices in nervous trading conditions, but the weakness of sterling brought a hardening of values on the late kerb. Copper was particularly erratic with values fluctuating by some £20 before the cash wirebars quotation closed \$4.25 lower at \$282.25 a tonne.

overnight. Sustained selling, believed to be on behalf of the buffer stock of the International Tin Council, kept the market under pressure and standard grade tin closed \$2.5 down at \$3,392.5 a tonne.

Zinc followed the downward trend in copper with the cash price leading values however. It was held against the trend by some heavy buying of the metal against physical business. As a result the cash price closed \$4.5 up at \$260.75 a tonne.

THE ANGLIAN Water Authority has made several new moves to conserve water supplies in the major agricultural counties in its area.

It is setting up seven advisory committees in Lincolnshire with members of the County Landowners' Association and National Farmers' Union branches, while in Norfolk it has sent out over 6,000 letters to farmers and other customers with metered water supplies urging them to use water as sparingly as possible.

Britain more at risk than ever before

BY OUR COMMODITIES STAFF

BRITAIN IS today more at risk from a major outbreak of rabies than at any other time in history, a report by the pharmaceutical industry's Office of Health Economics stated yesterday.

The reason is that there are now more foxes in towns and countryside than there were in the past, and the fox is a natural reservoir for the virus.

increased risk of animals coming ashore from the growing numbers of privately-owned pleasure craft at yachting marinas.

Strict safeguards against smuggling, which include unlicensed importation of animals, are fully justified, the report adds.

developed for widespread use. But if rabies did become established in Britain's wild animals, it would lead to profound changes in our wildlife and a decrease in the richness of our animal population, the report warns.

"Pet lovers tempted to evade quarantine rules by animal smuggling should remember that their risk of causing a major ecological disaster which would result in much animal suffering, as well as considerable social and economic costs to the human population."

Pet lovers

It also warns that pet lovers, tempted to smuggle animals to evade quarantine rules, risk causing a major ecological disaster which could lead to human deaths, with children particularly at risk.

There are also hopes that techniques for immunising wild animals like foxes might be measures to stop it.

Oral vaccine

A fox population immune to rabies would be of great value in controlling the disease if it ever came to Britain, said Mr. David Taylor, deputy director of the Office of Health Economics.

U.S. futures curbs proposed

BY OUR COMMODITIES STAFF

POSSIBLE NEW moves for tighter regulation of the U.S. commodity futures markets were outlined in Chicago yesterday by Mr. William Bagley, chairman of the Commodity Futures Trading Commission, which has just completed its first year of existence.

Alternatively there could be a series of criteria with submission of a business plan—some kind of quota guarantee. But there will certainly not be any "naked" options.

Under consideration is a proposal for 30 second or one minute trading halts every 15 or 30 minutes during market sessions to keep track of individual deals.

date
Italian
des

Wool Selling (JWSO) decided sales will resume May 3. Mr. JWSO said that the auction of June will be a consultation with wool handlers.

Last chance for EEC skim plan

WASHINGTON, April 21

THE U.S. is giving the EEC "one last chance" to offer voluntary compensation for damage to its soybean industry, Mr. Clayton Yentzer, U.S. trade negotiator, said yesterday.

Mr. Yentzer said that in the spirit of international negotiations, the U.S. would prefer to have the matter settled through bilateral negotiations rather than GATT negotiations.

which suffer from the restrictions of the EEC variable import limit system as far as U.S. sales to the Community are concerned. Something useful would be gained if the EEC granted U.S. exporters a specified percentage of a product consisting of a domestically-produced material.

Rubber prices easier on U.S. strike news

By Our Commodities Staff

RUBBER VALUES on the London physical and terminal markets yesterday in response to news that the U.S. United Rubber Workers Union had embarked on a strike against the nation's big four rubber companies.

U.S. ALUMINUM INGT PRICE UP

Reynolds Metals Co. April 21

Reynolds Metals Co. today announced that it is raising the price of primary aluminum ingot by 3 cents per lb effective for orders immediately and deliveries on or after May 17.

WOOL FUTURES

London's wool market eased in later trading with a good level of turnover.

PRICE CHANGES

Prices per ton unless otherwise stated.

U.S. Markets

Limit rise in coffee: copper firm

COMMODITY MARKET REPORTS AND PRICES

Topical: The price fell back to \$1.00 following the lower opening of the U.S. market. The price of silver in the U.S. market fell back to \$1.00 following the lower opening of the U.S. market.

COCOA

After initially continuing Tuesday's upward trend, prices turned and fell in early trading. The market was then hit by a wave of profit-taking and stop-loss selling which promptly moved prices the permissible limit up in early trading.

COFFEE

Robusta closed with values up as much as 24¢ per tonne lower. Trade sources said the decline reflected primarily technical reaction to Tuesday's strong gains. Arabica closed with a gain.

MEAT/VEGETABLES

SMITHFIELD (prices in pence per pound): Beef (killed) prices 38.0 to 39.0, 39.0 to 40.0, 40.0 to 41.0, 41.0 to 42.0, 42.0 to 43.0, 43.0 to 44.0, 44.0 to 45.0, 45.0 to 46.0, 46.0 to 47.0, 47.0 to 48.0, 48.0 to 49.0, 49.0 to 50.0, 50.0 to 51.0, 51.0 to 52.0, 52.0 to 53.0, 53.0 to 54.0, 54.0 to 55.0, 55.0 to 56.0, 56.0 to 57.0, 57.0 to 58.0, 58.0 to 59.0, 59.0 to 60.0, 60.0 to 61.0, 61.0 to 62.0, 62.0 to 63.0, 63.0 to 64.0, 64.0 to 65.0, 65.0 to 66.0, 66.0 to 67.0, 67.0 to 68.0, 68.0 to 69.0, 69.0 to 70.0, 70.0 to 71.0, 71.0 to 72.0, 72.0 to 73.0, 73.0 to 74.0, 74.0 to 75.0, 75.0 to 76.0, 76.0 to 77.0, 77.0 to 78.0, 78.0 to 79.0, 79.0 to 80.0, 80.0 to 81.0, 81.0 to 82.0, 82.0 to 83.0, 83.0 to 84.0, 84.0 to 85.0, 85.0 to 86.0, 86.0 to 87.0, 87.0 to 88.0, 88.0 to 89.0, 89.0 to 90.0, 90.0 to 91.0, 91.0 to 92.0, 92.0 to 93.0, 93.0 to 94.0, 94.0 to 95.0, 95.0 to 96.0, 96.0 to 97.0, 97.0 to 98.0, 98.0 to 99.0, 99.0 to 100.0, 100.0 to 101.0, 101.0 to 102.0, 102.0 to 103.0, 103.0 to 104.0, 104.0 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STOCK EXCHANGE REPORT

Share index gains 4.8 to 29-month peak of 419.6
But trading volume remains low—Gold shares rise sharply

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although interest was dampened

by the course of sterling and a

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excessive monetary growth.

Corporations were marginally

better placed. The Government

Securities index eased 0.06 to

highest closing level since Novem-

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The early buying was by no

means indiscriminate, the thin

trading conditions in the market

precluding a runaway in

prices. Instead, investors turned

their attentions to good-class

secondary issues where it is still

possible to pick up reasonable

lines of stock. This was confirmed

by the 8:1 ratio of rises over falls

(7:1 on Tuesday) in FT-quoted

industrial, while the three major

FT-Actuaries indices all made

good gains of between 1.0 and 1.2

per cent. The Industrial Group,

164.37 and the 500-Share, 151.37

both being at their highest since

October, 1973. The All-Share,

311.05, fractionally below this

year's peak of 312.64 touched

January 30 last.

Some hesitancy in the leaders

towards the close reflected the

Scottish TFC's firm rejection of

the Government's proposed 3 per

cent wage rise linked to tax con-

cessions.

Gold shares scored their best

gains of the year following a con-

tinuation of U.S. demand in very

thin markets. Rises were to 5.1

and the Gold Mines index jumped

13.1 to 169.5.

Gilt moves narrowly

Gilt-edged finally lost their

recent strong upward momentum,

but the ensuing reaction was very

limited and confined to the

longer end of the market. Here,

quotation opened lower, this

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(7:1 on Tuesday) in FT-quoted

industrial, while the three major

trend was maintained. General

Accident, still drawing strength

from Press comment, put on 5

more to 183p. Ahead of their

respective preliminary statements

to-day, Minet Holdings put on 3

to 129p and Leslie and Godwin

added 4 to 122p. Sedwick Farbs

closed 5 dearer at 267p and

Steathouse ended 4 up at 108p; the

latter have reached agreement to

sell their freehold office property

in Glasgow for £17m. cash. Sam

Life hardened 2 to 95p on the

interim dividend.

Breweries continued on a

quietly firm note. Bass Charring-

ton improved a penny to 101p and

Wolverhampton and Dudley

gained 3 to 137p. Elsewhere,

Distillers closed 12 better at 147p

and Teacher (Distillers) 4 up at

212p.

Taylor Woodrow were good late

in Buildings following news of

a £130m. oil contract; the

Ordinary closed 3 better at 299p

and the new oil-pool shares

finished 5 up at 43p premium.

Higher profits took Geo. M. Cal-

dered up 2 to 17p, while West

Construction also closed 2 better

at 84p after the results. A/C Cement

were finally 5 up at 185p, while

British Dredging hardened 2 1/2

to 170p.

A relatively narrower market

than other Engineering leaders,

Hawker rose 8 to 454p, while Tube

Investments closed unaltered at

384p, after 385p, and GKN eased

3 to 343p. Vickers, awaiting re-

sults of preliminary statement, re-

turned to 181p. Elsewhere, news

items brought a marked response,

Peter Brotherhood jumping 7

to 23p, late on the profits forecast

and Newman Granger rising 6

to 23p following impressive first-half

figures. Details of Metal improved

to 72p, the lower profits being ex-

pected but above many market

estimates. Raden Carrier gained 7

to 125p. Lake and Elliot, up 3

to 70p, were stimulated by an in-

vestment recommendation. Triple

Foundry found support at 65p

an advance of 5. Veyburn was

quoted as the "rights" issue and

closed 15 higher at 245p, after

extremes of 260p and 240p; the

new 12p shares moved be-

tween 22p and 23p premium be-

fore ending at 22p premium. Of

the few advance movements, G.

Whitehouse lost 1 to 11p after

news of the first-half loss.

Foods made fresh progress,

Fitch Lovell closing 3 better at 53p

and J. Sainsbury 4 higher at 120p.

Danish Bacon responded to

the substantially higher earnings

with a rise of 7 to 162p, while the

chairman's statement helped Asse-

cated Biscuit to improve 5 to

58p. Marks and Spencer, rising

a penny to 26p, was quoted as

the "rights" issue and closed

unchanged at 170p, after touch-

ing 171p and 174p, while losses of

a penny were registered in British

Land, 36p, and M&P 78p. Else-

where, favourable investment

comment left Percy Bilton 3

better at 149p and Evans of Leeds

2 firmer at 65p. Argen, Pro-

perties finished 3 harder at 77p

after 78p, on hopes of the com-

pany putting up a strong defence

against the 78p cash bid from

19p and Tarmac rose 4 to 159p.

Lafarge, however, eased a penny

to 24p on the reduced earnings.

After touching 467p, ICI closed

unchanged on 467p. Elsewhere,

in Chemicals, higher

earnings took Parva Feed up 3 to

68p, while Bernard Wardle, 137p,

and Revere, 83p, put on 1 and

4 respectively following Press

comment.

Firm Television issues had

Scottish 'A' 11 harder at 263p and

Anglia 'A' 3 better at 116p.

UDS improve

Stores moved higher under the

lead of UDS, which rose 4 to 67p.

House of Fraser hardened 2 1/2

to 82 1/2p, while "A" 55p, and

"Gladstone" 2 1/2p, put on 2

apiece. Gains of 5 were scored

by Mothercare, 186p, and Allied

Retailers, 120p, but Carrys, at

113p, gave up half of the previous

day's rise of 8 which followed the

preliminary figures. Newsagencies

continued firmly. John Wren

still reflecting the results, moved

up 3 more to 135p for a two-day

gain of 10. W. H. Smith "A" im-

proved 5 further to 360p, in Mail

Orders. Sample Stores added 3 at

90p and Freeman (London) was

4 better at 170p.

Electrical leaders made progress

during a good business before

finishing mainly a shade below the

day's best. Revolve Parsons rose

4 1/2 more to 121p, while GEC, 167p,

after 168p, and EMI, 254p, both

finished 3 higher. BICC new nil-

lateral 27p premium, absent and

5 firmer, although old 10p

